

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4761
OFFERED BY MR. POMBO OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Deep Ocean Energy
3 Resources Act of 2006”.

4 SEC. 2. POLICY.

5 It is the policy of the United States that—

6 (1) the United States is blessed with abundant
7 energy resources on the outer Continental Shelf and
8 has developed a comprehensive framework of envi-
9 ronmental laws and regulations and fostered the de-
10 velopment of state-of-the-art technology that allows
11 for the responsible development of these resources
12 for the benefit of its citizenry;

13 (2) adjacent States are required by the cir-
14 cumstances to commit significant resources in sup-
15 port of exploration, development, and production ac-
16 tivities for mineral resources on the outer Conti-
17 nental Shelf, and it is fair and proper for a portion



1 of the receipts from such activities to be shared with
2 Adjacent States and their local coastal governments;

3 (3) the existing laws governing the leasing and
4 production of the mineral resources of the outer
5 Continental Shelf have reduced the production of
6 mineral resources, have preempted Adjacent States
7 from being sufficiently involved in the decisions re-
8 garding the allowance of mineral resource develop-
9 ment, and have been harmful to the national inter-
10 est;

11 (4) the national interest is served by granting
12 the Adjacent States more options related to whether
13 or not mineral leasing should occur in the outer
14 Continental Shelf within their Adjacent Zones;

15 (5) it is not reasonably foreseeable that explo-
16 ration of a leased tract located more than 25 miles
17 seaward of the coastline, development and produc-
18 tion of a natural gas discovery located more than 25
19 miles seaward of the coastline, or development and
20 production of an oil discovery located more than 50
21 miles seaward of the coastline will adversely affect
22 resources near the coastline;

23 (6) transportation of oil from a leased tract
24 might reasonably be foreseen, under limited cir-
25 cumstances, to have the potential to adversely affect



1 resources near the coastline if the oil is within 50
2 miles of the coastline, but such potential to adversely
3 affect such resources is likely no greater, and prob-
4 ably less, than the potential impacts from tanker
5 transportation because tanker spills usually involve
6 large releases of oil over a brief period of time; and

7 (7) among other bodies of inland waters, the
8 Great Lakes, Long Island Sound, Delaware Bay,
9 Chesapeake Bay, Albemarle Sound, San Francisco
10 Bay, and Puget Sound are not part of the outer
11 Continental Shelf, and are not subject to leasing by
12 the Federal Government for the exploration, develop-
13 ment, and production of any mineral resources that
14 might lie beneath them.

15 **SEC. 3. DEFINITIONS UNDER THE OUTER CONTINENTAL**
16 **SHELF LANDS ACT.**

17 Section 2 of the Outer Continental Shelf Lands Act
18 (43 U.S.C. 1331) is amended—

19 (1) by amending paragraph (f) to read as fol-
20 lows:

21 “(f) The term ‘affected State’ means the Adjacent
22 State.”;

23 (2) by striking the semicolon at the end of each
24 of paragraphs (a) through (o) and inserting a pe-
25 riod;



1 (3) by striking “; and” at the end of paragraph
2 (p) and inserting a period;

3 (4) by adding at the end the following:

4 “(r) The term ‘Adjacent State’ means, with respect
5 to any program, plan, lease sale, leased tract or other ac-
6 tivity, proposed, conducted, or approved pursuant to the
7 provisions of this Act, any State the laws of which are
8 declared, pursuant to section 4(a)(2), to be the law of the
9 United States for the portion of the outer Continental
10 Shelf on which such program, plan, lease sale, leased tract
11 or activity appertains or is, or is proposed to be, con-
12 ducted. For purposes of this paragraph, the term ‘State’
13 includes Puerto Rico and the other Territories of the
14 United States.

15 “(s) The term ‘Adjacent Zone’ means, with respect
16 to any program, plan, lease sale, leased tract, or other ac-
17 tivity, proposed, conducted, or approved pursuant to the
18 provisions of this Act, the portion of the outer Continental
19 Shelf for which the laws of a particular Adjacent State
20 are declared, pursuant to section 4(a)(2), to be the law
21 of the United States.

22 “(t) The term ‘miles’ means statute miles.

23 “(u) The term ‘coastline’ has the same meaning as
24 the term ‘coast line’ as defined in section 2(c) of the Sub-
25 merged Lands Act (43 U.S.C. 1301(c)).



1 “(v) The term ‘Neighboring State’ means a coastal
2 State having a common boundary at the coastline with the
3 Adjacent State.”; and

4 (5) in paragraph (a), by inserting after “con-
5 trol” the following: “or lying within the United
6 States exclusive economic zone adjacent to the Terri-
7 tories of the United States”.

8 **SEC. 4. DETERMINATION OF ADJACENT ZONES AND PLAN-**
9 **NING AREAS.**

10 Section 4(a)(2)(A) of the Outer Continental Shelf
11 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the
12 first sentence by striking “, and the President” and all
13 that follows through the end of the sentence and inserting
14 the following: “The lines extending seaward and defining
15 each State’s Adjacent Zone, and each OCS Planning Area,
16 are as indicated on the maps for each outer Continental
17 Shelf region entitled ‘Alaska OCS Region State Adjacent
18 Zone and OCS Planning Areas’, ‘Pacific OCS Region
19 State Adjacent Zones and OCS Planning Areas’, ‘Gulf of
20 Mexico OCS Region State Adjacent Zones and OCS Plan-
21 ning Areas’, and ‘Atlantic OCS Region State Adjacent
22 Zones and OCS Planning Areas’, all of which are dated
23 September 2005 and on file in the Office of the Director,
24 Minerals Management Service.”.



1 **SEC. 5. ADMINISTRATION OF LEASING.**

2 Section 5 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1334) is amended by adding at the end the
4 following:

5 “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A
6 LEASE.—Any lessee of a producing lease may relinquish
7 to the Secretary any portion of a lease that the lessee has
8 no interest in producing and that the Secretary finds is
9 geologically prospective. In return for any such relinquis-
10 ment, the Secretary shall provide to the lessee a royalty
11 incentive for the portion of the lease retained by the lessee,
12 in accordance with regulations promulgated by the Sec-
13 retary to carry out this subsection. The Secretary shall
14 publish final regulations implementing this subsection
15 within 365 days after the date of the enactment of the
16 Deep Ocean Energy Resources Act of 2006.

17 “(l) NATURAL GAS LEASE REGULATIONS.—Not later
18 than July 1, 2007, the Secretary shall publish a final regu-
19 lation that shall—

20 “(1) establish procedures for entering into nat-
21 ural gas leases;

22 “(2) ensure that natural gas leases are only
23 available for tracts on the outer Continental Shelf
24 that are wholly within 100 miles of the coastline
25 within an area withdrawn from disposition by leas-



1 ing on the day after the date of enactment of the
2 Deep Ocean Energy Resources Act of 2006;

3 “(3) provide that natural gas leases shall con-
4 tain the same rights and obligations established for
5 oil and gas leases, except as otherwise provided in
6 the Deep Ocean Energy Resources Act of 2006;

7 “(4) provide that, in reviewing the adequacy of
8 bids for natural gas leases, the value of any crude
9 oil estimated to be contained within any tract shall
10 be excluded;

11 “(5) provide that any crude oil produced from
12 a well and reinjected into the leased tract shall not
13 be subject to payment of royalty, and that the Sec-
14 retary shall consider, in setting the royalty rates for
15 a natural gas lease, the additional cost to the lessee
16 of not producing any crude oil; and

17 “(6) provide that any Federal law that applies
18 to an oil and gas lease on the outer Continental
19 Shelf shall apply to a natural gas lease unless other-
20 wise clearly inapplicable.”.

21 **SEC. 6. GRANT OF LEASES BY SECRETARY.**

22 Section 8 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1337) is amended—

24 (1) in subsection (a)(1) by inserting after the
25 first sentence the following: “Further, the Secretary



1 may grant natural gas leases in a manner similar to
2 the granting of oil and gas leases and under the var-
3 ious bidding systems available for oil and gas
4 leases.”;

5 (2) by adding at the end of subsection (b) the
6 following: “The Secretary may issue more than one
7 lease for a given tract if each lease applies to a sepa-
8 rate and distinct range of vertical depths, horizontal
9 surface area, or a combination of the two. The Sec-
10 retary may issue regulations that the Secretary de-
11 termines are necessary to manage such leases con-
12 sistent with the purposes of this Act.”;

13 (3) by amending subsection (p)(2)(B) to read
14 as follows:

15 “(B) The Secretary shall provide for the pay-
16 ment to coastal states, and their local coastal gov-
17 ernments, of 75 percent of Federal receipts from
18 projects authorized under this section located par-
19 tially or completely within the area extending sea-
20 ward of State submerged lands out to 4 marine
21 leagues from the coastline, and the payment to
22 coastal states of 50 percent of the receipts from
23 projects completely located in the area more than 4
24 marine leagues from the coastline. Payments shall
25 be based on a formula established by the Secretary



1 by rulemaking no later than 180 days after the date
2 of the enactment of the Deep Ocean Energy Re-
3 sources Act of 2006 that provides for equitable dis-
4 tribution, based on proximity to the project, among
5 coastal states that have coastline that is located
6 within 200 miles of the geographic center of the
7 project.”.

8 (4) by adding at the end the following:

9 “(q) NATURAL GAS LEASES.—

10 “(1) RIGHT TO PRODUCE NATURAL GAS.—A
11 lessee of a natural gas lease shall have the right to
12 produce the natural gas from a field on a natural
13 gas leased tract if the Secretary estimates that the
14 discovered field has at least 40 percent of the eco-
15 nomically recoverable Btu content of the field con-
16 tained within natural gas and such natural gas is ec-
17 onomical to produce.

18 “(2) CRUDE OIL.—A lessee of a natural gas
19 lease may not produce crude oil from the lease.

20 “(3) ESTIMATES OF BTU CONTENT.—The Sec-
21 retary shall make estimates of the natural gas Btu
22 content of discovered fields on a natural gas lease
23 only after the completion of at least one exploration
24 well, the data from which has been tied to the re-
25 sults of a three-dimensional seismic survey of the



1 field. The Secretary may not require the lessee to
2 further delineate any discovered field prior to mak-
3 ing such estimates.

4 “(4) DEFINITION OF NATURAL GAS.—For pur-
5 poses of a natural gas lease, natural gas means nat-
6 ural gas and all substances produced in association
7 with gas, including, but not limited to, hydrocarbon
8 liquids (other than crude oil) that are obtained by
9 the condensation of hydrocarbon vapors and sepa-
10 rate out in liquid form from the produced gas
11 stream.

12 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING
13 IN CERTAIN AREAS OF THE OUTER CONTINENTAL
14 SHELF.—Restrictions on joint bidders shall no longer
15 apply to tracts located in the Alaska OCS Region. Such
16 restrictions shall not apply to tracts in other OCS regions
17 determined to be ‘frontier tracts’ or otherwise ‘high cost
18 tracts’ under final regulations that shall be published by
19 the Secretary by not later than 365 days after the date
20 of the enactment of the Deep Ocean Energy Resources
21 Act of 2006.

22 “(s) ROYALTY SUSPENSION PROVISIONS.—The Sec-
23 retary shall agree to a request by any lessee to amend
24 any lease issued for Central and Western Gulf of Mexico
25 tracts during the period of December 1, 1995, through



1 December 31, 2000, to incorporate price thresholds appli-
2 cable to royalty suspension provisions, or amend existing
3 price thresholds, in the amount of \$40.50 per barrel (2006
4 dollars) for oil and for natural gas of \$6.75 per million
5 Btu (2006 dollars). Any amended lease shall impose the
6 new or revised price thresholds effective October 1, 2005.
7 Existing lease provisions shall prevail through September
8 30, 2005. After the date of the enactment of the Deep
9 Ocean Energy Resources Act of 2006, price thresholds
10 shall apply to any royalty suspension volumes granted by
11 the Secretary. Unless otherwise set by Secretary by regu-
12 lation or for a particular lease sale, the price thresholds
13 shall be \$40.50 for oil (2006 dollars) and \$6.75 for nat-
14 ural gas (2006 dollars).

15 “(t) ROYALTY RATE FOR OIL AND GAS OR NATURAL
16 GAS LEASES ON THE OUTER CONTINENTAL SHELF.—
17 After the date of the enactment of the Deep Ocean Energy
18 Resources Act of 2006, the base royalty rate for new oil
19 and gas or natural gas leases on the outer Continental
20 Shelf shall be the same for all leased tracts.

21 “(u) CONSERVATION OF RESOURCES FEES.—

22 “(1) Not later than one year after the date of
23 the enactment of the Deep Ocean Energy Resources
24 Act of 2006, the Secretary by regulation shall estab-
25 lish a conservation of resources fee for producing



1 leases that will apply to new and existing leases
2 which shall be set at \$9 per barrel for oil and \$1.25
3 per million Btu for gas. This fee shall only apply to
4 leases in production located in more than 200 me-
5 ters of water for which royalties are not being paid
6 when prices exceed \$40.50 per barrel for oil and
7 \$6.75 per million Btu for natural gas in 2006, dol-
8 lars. This fee shall apply to production from and
9 after October 1, 2005, and shall be treated as offset-
10 ting receipts.

11 “(2) Not later than one year after the date of
12 the enactment of the Deep Ocean Energy Resources
13 Act of 2006, the Secretary by regulation shall estab-
14 lish a conservation of resources fee for nonproducing
15 leases that will apply to new and existing leases
16 which shall be set at not less than \$1.00 nor more
17 than \$4.00 per acre per year. This fee shall apply
18 from and after October 1, 2005, and shall be treated
19 as offsetting receipts.”;

20 (5) by striking subsection (a)(3)(A) and redesi-
21 gnating the subsequent subparagraphs as subpara-
22 graphs (A) and (B), respectively;

23 (6) in subsection (a)(3)(A) (as so redesignated)
24 by striking “In the Western” and all that follows



1 through “the Secretary” the first place it appears
2 and inserting “The Secretary”; and

3 (7) effective October 1, 2006, in subsection
4 (g)—

5 (A) by striking all after “(g)”, except para-
6 graph (3);

7 (B) by striking the last sentence of para-
8 graph (3); and

9 (C) by striking “(3)”.

10 **SEC. 7. DISPOSITION OF RECEIPTS.**

11 Section 9 of the Outer Continental Shelf Lands Act
12 (43 U.S.C. 1338) is amended—

13 (1) by designating the existing text as sub-
14 section (a);

15 (2) in subsection (a) (as so designated) by in-
16 serting “, if not paid as otherwise provided in this
17 title” after “receipts”; and

18 (3) by adding the following:

19 “(b) TREATMENT OF OCS RECEIPTS FROM TRACTS
20 COMPLETELY WITHIN 100 MILES OF THE COASTLINE.—

21 “(1) DEPOSIT.—The Secretary shall deposit
22 into a separate account in the Treasury the portion
23 of OCS Receipts for each fiscal year that will be
24 shared under paragraphs (2), (3), and (4).

25 “(2) PHASED-IN RECEIPTS SHARING.—



1 “(A) Beginning October 1, 2005, the Sec-
2 retary shall share OCS Receipts derived from
3 the following areas:

4 “(i) Lease tracts located on portions
5 of the Gulf of Mexico OCS Region com-
6 pletely beyond 4 marine leagues from any
7 coastline and completely within 100 miles
8 of any coastline that are available for leas-
9 ing under the 2002–2007 5-Year Oil and
10 Gas Leasing Program in effect prior to the
11 date of the enactment of the Deep Ocean
12 Energy Resources Act of 2006.

13 “(ii) Lease tracts in production prior
14 to October 1, 2005, completely beyond 4
15 marine leagues from any coastline and
16 completely within 100 miles of any coast-
17 line located on portions of the OCS that
18 were not available for leasing under the
19 2002–2007 5-Year OCS Oil and Gas Leas-
20 ing Program in effect prior to the date of
21 the enactment of the Deep Ocean Energy
22 Resources Act of 2006.

23 “(iii) Lease tracts for which leases are
24 issued prior to October 1, 2005, located in
25 the Alaska OCS Region completely beyond



1 4 marine leagues from any coastline and
2 completely within 100 miles of the coast-
3 line.

4 “(B) The Secretary shall share the fol-
5 lowing percentages of OCS Receipts from the
6 leases described in subparagraph (A) derived
7 during the fiscal year indicated:

8 “(i) For fiscal year 2006, 6.0 percent.

9 “(ii) For fiscal year 2007, 7.0 per-
10 cent.

11 “(iii) For fiscal year 2008, 8.0 per-
12 cent.

13 “(iv) For fiscal year 2009, 9.0 per-
14 cent.

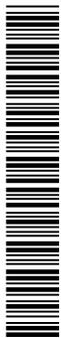
15 “(v) For fiscal year 2010, 12.0 per-
16 cent.

17 “(vi) For fiscal year 2011, 15.0 per-
18 cent.

19 “(vii) For fiscal year 2012, 18.0 per-
20 cent.

21 “(viii) For fiscal year 2013, 21.0 per-
22 cent.

23 “(ix) For fiscal year 2014, 24.0 per-
24 cent.



1 “(x) For fiscal year 2015, 27.0 per-
2 cent.

3 “(xi) For fiscal year 2016, 30.0 per-
4 cent.

5 “(xii) For fiscal year 2017, 33.0 per-
6 cent.

7 “(xiii) For fiscal year 2018, 36.0 per-
8 cent.

9 “(xiv) For fiscal year 2019, 39.0 per-
10 cent.

11 “(xv) For fiscal year 2020, 42.0 per-
12 cent.

13 “(xvi) For fiscal year 2021, 45.0 per-
14 cent.

15 “(xvii) For fiscal year 2022 and each
16 subsequent fiscal year, 50.0 percent.

17 “(C) The provisions of this paragraph shall
18 not apply to leases that could not have been
19 issued but for section 5(k) of this Act or section
20 6(2) of the Deep Ocean Energy Resources Act
21 of 2006.

22 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
23 ning October 1, 2005, the Secretary shall share 50
24 percent of OCS Receipts derived from all leases lo-
25 cated completely beyond 4 marine leagues from any



1 coastline and completely within 100 miles of any
2 coastline not included within the provisions of para-
3 graph (2).

4 “(4) RECEIPTS SHARING FROM TRACTS WITHIN
5 4 MARINE LEAGUES OF ANY COASTLINE.—Beginning
6 October 1, 2005, the Secretary shall share 75 per-
7 cent of OCS Receipts derived from all leases located
8 completely or partially within 4 marine leagues from
9 any coastline.

10 “(5) ALLOCATIONS.—The Secretary shall allo-
11 cate the OCS Receipts deposited into the separate
12 account established by paragraph (1) that are
13 shared under paragraphs (2), (3), and (4) as follows:

14 “(A) BONUS BIDS.—Deposits derived from
15 bonus bids from a leased tract, including inter-
16 est thereon, shall be allocated at the end of
17 each fiscal year as follows:

18 “(i) 85 percent to the Adjacent State.

19 “(ii) 5 percent into the Treasury,
20 which shall be allocated to the account es-
21 tablished by section 14 of the Deep Ocean
22 Energy Resources Act of 2006.

23 “(iii) 5 percent into the account es-
24 tablished by section 23 of the Deep Ocean
25 Energy Resources Act of 2006.



1 “(iv) 5 percent into the account estab-
2 lished by section 26 of the Deep Ocean
3 Energy Resources Act of 2006.

4 “(B) ROYALTIES.—Deposits derived from
5 royalties from a leased tract, including interest
6 thereon, shall be allocated at the end of each
7 fiscal year as follows:

8 “(i) 85 percent to the Adjacent State
9 and any other producing State or States
10 with a leased tract within its Adjacent
11 Zone within 100 miles of its coastline that
12 generated royalties during the fiscal year,
13 if the other producing or States have a
14 coastline point within 300 miles of any
15 portion of the leased tract, in which case
16 the amount allocated for the leased tract
17 shall be—

18 “(I) one-third to the Adjacent
19 State; and

20 “(II) two-thirds to each pro-
21 ducing State, including the Adjacent
22 State, inversely proportional to the
23 distance between the nearest point on
24 the coastline of the producing State



1 and the geographic center of the
2 leased tract.

3 “(ii) 5 percent into the Treasury,
4 which shall be allocated to the account es-
5 tablished by section 14 of the Deep Ocean
6 Energy Resources Act of 2006.

7 “(iii) 5 percent into the account es-
8 tablished by section 23 of the Deep Ocean
9 Energy Resources Act of 2006.

10 “(iv) 5 percent into the account estab-
11 lished by section 26 of the Deep Ocean
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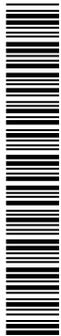
13 “(c) TREATMENT OF OCS RECEIPTS FROM TRACTS
14 PARTIALLY OR COMPLETELY BEYOND 100 MILES OF THE
15 COASTLINE.—

16 “(1) DEPOSIT.—The Secretary shall deposit
17 into a separate account in the Treasury the portion
18 of OCS Receipts for each fiscal year that will be
19 shared under paragraphs (2) and (3).

20 “(2) PHASED-IN RECEIPTS SHARING.—

21 “(A) Beginning October 1, 2005, the Sec-
22 retary shall share OCS Receipts derived from
23 the following areas:

24 “(i) Lease tracts located on portions
25 of the Gulf of Mexico OCS Region partially



1 or completely beyond 100 miles of any
2 coastline that were available for leasing
3 under the 2002–2007 5-Year Oil and Gas
4 Leasing Program in effect prior to the
5 date of enactment of the Deep Ocean En-
6 ergy Resources Act of 2006.

7 “(ii) Lease tracts in production prior
8 to October 1, 2005, partially or completely
9 beyond 100 miles of any coastline located
10 on portions of the OCS that were not
11 available for leasing under the 2002–2007
12 5-Year OCS Oil and Gas Leasing Program
13 in effect prior to the date of enactment of
14 the Deep Ocean Energy Resources Act of
15 2006.

16 “(iii) Lease tracts for which leases are
17 issued prior to October 1, 2005, located in
18 the Alaska OCS Region partially or com-
19 pletely beyond 100 miles of the coastline.

20 “(B) The Secretary shall share the fol-
21 lowing percentages of OCS Receipts from the
22 leases described in subparagraph (A) derived
23 during the fiscal year indicated:

24 “(i) For fiscal year 2006, 6.0 percent.



- 1 “(ii) For fiscal year 2007, 7.0 per-
- 2 cent.
- 3 “(iii) For fiscal year 2008, 8.0 per-
- 4 cent.
- 5 “(iv) For fiscal year 2009, 9.0 per-
- 6 cent.
- 7 “(v) For fiscal year 2010, 12.0 per-
- 8 cent.
- 9 “(vi) For fiscal year 2011, 15.0 per-
- 10 cent.
- 11 “(vii) For fiscal year 2012, 18.0 per-
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- 13 “(viii) For fiscal year 2013, 21.0 per-
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- 15 “(ix) For fiscal year 2014, 24.0 per-
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- 21 “(xii) For fiscal year 2017, 33.0 per-
- 22 cent.
- 23 “(xiii) For fiscal year 2018, 36.0 per-
- 24 cent.



1 “(xiv) For fiscal year 2019, 39.0 per-
2 cent.

3 “(xv) For fiscal year 2020, 42.0 per-
4 cent.

5 “(xvi) For fiscal year 2021, 45.0 per-
6 cent.

7 “(xvii) For fiscal year 2022 and each
8 subsequent fiscal year, 50.0 percent.

9 “(C) The provisions of this paragraph shall
10 not apply to leases that could not have been
11 issued but for section 5(k) of this Act or section
12 6(2) of the Deep Ocean Energy Resources Act
13 of 2006.

14 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
15 ning October 1, 2005, the Secretary shall share 50
16 percent of OCS Receipts derived on and after Octo-
17 ber 1, 2005, from all leases located partially or com-
18 pletely beyond 100 miles of any coastline not in-
19 cluded within the provisions of paragraph (2).

20 “(4) ALLOCATIONS.—The Secretary shall allo-
21 cate the OCS Receipts deposited into the separate
22 account established by paragraph (1) that are
23 shared under paragraphs (2) and (3) as follows:

24 “(A) BONUS BIDS.—Deposits derived from
25 bonus bids from a leased tract, including inter-



1 est thereon, shall be allocated at the end of
2 each fiscal year as follows:

3 “(i) 85 percent to the Adjacent State.

4 “(ii) 5 percent into the Treasury,
5 which shall be allocated to the account es-
6 tablished by section 14 of the Deep Ocean
7 Energy Resources Act of 2006.

8 “(iii) 5 percent into the account es-
9 tablished by section 23 of the Deep Ocean
10 Energy Resources Act of 2006.

11 “(iv) 5 percent into the account estab-
12 lished by section 26 of the Deep Ocean
13 Energy Resources Act of 2006.

14 “(B) ROYALTIES.—Deposits derived from
15 royalties from a leased tract, including interest
16 thereon, shall be allocated at the end of each
17 fiscal year as follows:

18 “(i) 85 percent to the Adjacent State
19 and any other producing State or States
20 with a leased tract within its Adjacent
21 Zone partially or completely beyond 100
22 miles of its coastline that generated royal-
23 ties during the fiscal year, if the other pro-
24 ducing State or States have a coastline
25 point within 300 miles of any portion of



1 the leased tract, in which case the amount
2 allocated for the leased tract shall be—

3 “(I) one-third to the Adjacent
4 State; and

5 “(II) two-thirds to each pro-
6 ducing State, including the Adjacent
7 State, inversely proportional to the
8 distance between the nearest point on
9 the coastline of the producing State
10 and the geographic center of the
11 leased tract.

12 “(ii) 5 percent into the account estab-
13 lished by section 14 of the Deep Ocean
14 Energy Resources Act of 2006.

15 “(iii) 5 percent into the account es-
16 tablished by section 23 of the Deep Ocean
17 Energy Resources Act of 2006.

18 “(iv) 5 percent into the account estab-
19 lished by section 26 of the Deep Ocean
20 Energy Resources Act of 2006.

21 “(d) TRANSMISSION OF ALLOCATIONS.—

22 “(1) IN GENERAL.—Not later than 90 days
23 after the end of each fiscal year, the Secretary shall
24 transmit—



1 “(A) to each State two-thirds of such
2 State’s allocations under subsections
3 (b)(5)(A)(i), (b)(5)(B)(i), (c)(4)(A)(i), and
4 (c)(4)(B)(i) for the immediate prior fiscal year;

5 “(B) to coastal county-equivalent and mu-
6 nicipal political subdivisions of such State a
7 total of one-third of such State’s allocations
8 under subsections (b)(5)(A)(i), (b)(5)(B)(i),
9 (c)(4)(A)(i), and (c)(4)(B)(i), together with all
10 accrued interest thereon; and

11 “(C) the remaining allocations under sub-
12 sections (b)(5) and (c)(4), together with all ac-
13 crued interest thereon.

14 “(2) ALLOCATIONS TO COASTAL COUNTY-
15 EQUIVALENT POLITICAL SUBDIVISIONS.—The Sec-
16 retary shall make an initial allocation of the OCS
17 Receipts to be shared under paragraph (1)(B) as fol-
18 lows:

19 “(A) 25 percent shall be allocated based on
20 the ratio of such coastal county-equivalent polit-
21 ical subdivision’s population to the coastal pop-
22 ulation of all coastal county-equivalent political
23 subdivisions in the State.

24 “(B) 25 percent shall be allocated based on
25 the ratio of such coastal county-equivalent polit-



1 ical subdivision's coastline miles to the coastline
2 miles of all coastal county-equivalent political
3 subdivisions in the State as calculated by the
4 Secretary. In such calculations, coastal county-
5 equivalent political subdivisions without a coast-
6 line shall be considered to have 50 percent of
7 the average coastline miles of the coastal coun-
8 ty-equivalent political subdivisions that do have
9 coastlines.

10 "(C) 25 percent shall be allocated to all
11 coastal county-equivalent political subdivisions
12 having a coastline point within 300 miles of the
13 leased tract for which OCS Receipts are being
14 shared based on a formula that allocates the
15 funds based on such coastal county-equivalent
16 political subdivision's relative distance from the
17 leased tract.

18 "(D) 25 percent shall be allocated to all
19 coastal county-equivalent political subdivisions
20 having a coastline point within 300 miles of the
21 leased tract for which OCS Receipts are being
22 shared based on the relative level of outer Con-
23 tinental Shelf oil and gas activities in a coastal
24 political subdivision compared to the level of
25 outer Continental Shelf activities in all coastal



1 political subdivisions in the State. The Sec-
2 retary shall define the term ‘outer Continental
3 Shelf oil and gas activities’ for purposes of this
4 subparagraph to include, but not be limited to,
5 construction of vessels, drillships, and platforms
6 involved in exploration, production, and develop-
7 ment on the outer Continental Shelf; support
8 and supply bases, ports, and related activities;
9 offices of geologists, geophysicists, engineers,
10 and other professionals involved in support of
11 exploration, production, and development of oil
12 and gas on the outer Continental Shelf; pipe-
13 lines and other means of transporting oil and
14 gas production from the outer Continental
15 Shelf; and processing and refining of oil and
16 gas production from the outer Continental
17 Shelf. For purposes of this subparagraph, if a
18 coastal county-equivalent political subdivision
19 does not have a coastline, its coastal point shall
20 be the point on the coastline closest to it.

21 “(3) ALLOCATIONS TO COASTAL MUNICIPAL PO-
22 LITICAL SUBDIVISIONS.—The initial allocation to
23 each coastal county-equivalent political subdivision
24 under paragraph (2) shall be further allocated to the
25 coastal county-equivalent political subdivision and



1 any coastal municipal political subdivisions located
2 partially or wholly within the boundaries of the
3 coastal county-equivalent political subdivision as fol-
4 lows:

5 “(A) One-third shall be allocated to the
6 coastal county-equivalent political subdivision.

7 “(B) Two-thirds shall be allocated on a per
8 capita basis to the municipal political subdivi-
9 sions and the county-equivalent political sub-
10 division, with the allocation to the latter based
11 upon its population not included within the
12 boundaries of a municipal political subdivision.

13 “(e) INVESTMENT OF DEPOSITS.—Amounts depos-
14 ited under this section shall be invested by the Secretary
15 of the Treasury in securities backed by the full faith and
16 credit of the United States having maturities suitable to
17 the needs of the account in which they are deposited and
18 yielding the highest reasonably available interest rates as
19 determined by the Secretary of the Treasury.

20 “(f) USE OF FUNDS.—A recipient of funds under this
21 section may use the funds for one or more of the following:

22 “(1) To reduce in-State college tuition at public
23 institutions of higher learning and otherwise support
24 public education, including career technical edu-
25 cation.



1 “(2) To make transportation infrastructure im-
2 provements.

3 “(3) To reduce taxes.

4 “(4) To promote, fund, and provide for—

5 “(A) coastal or environmental restoration;

6 “(B) fish, wildlife, and marine life habitat
7 enhancement;

8 “(C) waterways construction and mainte-
9 nance;

10 “(D) levee construction and maintenance
11 and shore protection; and

12 “(E) marine and oceanographic education
13 and research.

14 “(5) To promote, fund, and provide for —

15 “(A) infrastructure associated with energy
16 production activities conducted on the outer
17 Continental Shelf;

18 “(B) energy demonstration projects;

19 “(C) supporting infrastructure for shore-
20 based energy projects;

21 “(D) State geologic programs, including
22 geologic mapping and data storage programs,
23 and state geophysical data acquisition;

24 “(E) State seismic monitoring programs,
25 including operation of monitoring stations;



1 “(F) development of oil and gas resources
2 through enhanced recovery techniques;

3 “(G) alternative energy development, in-
4 cluding bio fuels, coal-to-liquids, oil shale, tar
5 sands, geothermal, geopressure, wind, waves,
6 currents, hydro, and other renewable energy;

7 “(H) energy efficiency and conservation
8 programs; and

9 “(I) front-end engineering and design for
10 facilities that produce liquid fuels from hydro-
11 carbons and other biological matter.

12 “(6) To promote, fund, and provide for—

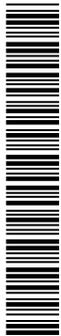
13 “(A) historic preservation programs and
14 projects;

15 “(B) natural disaster planning and re-
16 sponse; and,

17 “(C) hurricane and natural disaster insur-
18 ance programs.

19 “(7) For any other purpose as determined by
20 State law.

21 “(g) NO ACCOUNTING REQUIRED.—No recipient of
22 funds under this section shall be required to account to
23 the Federal Government for the expenditure of such
24 funds, except as otherwise may be required by law. How-
25 ever, States may enact legislation providing for accounting



1 for and auditing of such expenditures. Further, funds allo-
2 cated under this section to States and political subdivi-
3 sions may be used as matching funds for other Federal
4 programs.

5 “(h) EFFECT OF FUTURE LAWS.—Enactment of any
6 future Federal statute that has the effect, as determined
7 by the Secretary, of restricting any Federal agency from
8 spending appropriated funds, or otherwise preventing it
9 from fulfilling its pre-existing responsibilities as of the
10 date of enactment of the statute, unless such responsibil-
11 ities have been reassigned to another Federal agency by
12 the statute with no prevention of performance, to issue
13 any permit or other approval impacting on the OCS oil
14 and gas leasing program, or any lease issued thereunder,
15 or to implement any provision of this Act shall automati-
16 cally prohibit any sharing of OCS Receipts under this sec-
17 tion directly with the States, and their coastal political
18 subdivisions, for the duration of the restriction. The Sec-
19 retary shall make the determination of the existence of
20 such restricting effects within 30 days of a petition by any
21 outer Continental Shelf lessee or producing State.

22 “(i) DEFINITIONS.—In this section:

23 “(1) COASTAL COUNTY-EQUIVALENT POLITICAL
24 SUBDIVISION.—The term ‘coastal county-equivalent
25 political subdivision’ means a political jurisdiction

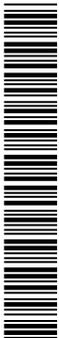


1 immediately below the level of State government, in-
2 cluding a county, parish, borough in Alaska, inde-
3 pendent municipality not part of a county, parish, or
4 borough in Alaska, or other equivalent subdivision of
5 a coastal State, that lies within the coastal zone.

6 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-
7 SION.—The term ‘coastal municipal political subdivi-
8 sion’ means a municipality located within and part
9 of a county, parish, borough in Alaska, or other
10 equivalent subdivision of a State, all or part of which
11 coastal municipal political subdivision lies within the
12 coastal zone.

13 “(3) COASTAL POPULATION.—The term ‘coastal
14 population’ means the population of all coastal coun-
15 ty-equivalent political subdivisions, as determined by
16 the most recent official data of the Census Bureau.

17 “(4) COASTAL ZONE.—The term ‘coastal zone’
18 means that portion of a coastal State, including the
19 entire territory of any coastal county-equivalent po-
20 litical subdivision at least a part of which lies, within
21 75 miles landward from the coastline, or a greater
22 distance as determined by State law enacted to im-
23 plement this section.



1 “(5) BONUS BIDS.—The term ‘bonus bids’
2 means all funds received by the Secretary to issue
3 an outer Continental Shelf minerals lease.

4 “(6) ROYALTIES.—The term ‘royalties’ means
5 all funds received by the Secretary from production
6 of oil or natural gas, or the sale of production taken
7 in-kind, from an outer Continental Shelf minerals
8 lease.

9 “(7) PRODUCING STATE.—The term ‘producing
10 State’ means an Adjacent State having an Adjacent
11 Zone containing leased tracts from which OCS Re-
12 ceipts were derived.

13 “(8) OCS RECEIPTS.—The term ‘OCS Receipts’
14 means bonus bids, royalties, and conservation of re-
15 sources fees.”.

16 **SEC. 8. REVIEW OF OUTER CONTINENTAL SHELF EXPLO-**
17 **RATION PLANS.**

18 Subsections (c) and (d) of section 11 of the Outer
19 Continental Shelf Lands Act (43 U.S.C. 1340) are amend-
20 ed to read as follows:

21 “(c) PLAN REVIEW; PLAN PROVISIONS.—

22 “(1) Except as otherwise provided in this Act,
23 prior to commencing exploration pursuant to any oil
24 and gas lease issued or maintained under this Act,
25 the holder thereof shall submit an exploration plan



1 (hereinafter in this section referred to as a 'plan') to
2 the Secretary for review which shall include all infor-
3 mation and documentation required under para-
4 graphs (2) and (3). The Secretary shall review the
5 plan for completeness within 10 days of submission.
6 If the Secretary finds that the plan is not complete,
7 the Secretary shall notify the lessee with a detailed
8 explanation and require such modifications of such
9 plan as are necessary to achieve completeness. The
10 Secretary shall have 10 days to review a modified
11 plan for completeness. Such plan may apply to more
12 than one lease held by a lessee in any one region of
13 the outer Continental Shelf, or by a group of lessees
14 acting under a unitization, pooling, or drilling agree-
15 ment, and the lessee shall certify that such plan is
16 consistent with the terms of the lease and is con-
17 sistent with all statutory and regulatory require-
18 ments in effect on the date of issuance of the lease,
19 and any regulations promulgated under this Act to
20 the conservation of resources after the date of the
21 lease issuances. The Secretary shall have 30 days
22 from the date the plan is deemed complete to con-
23 duct a review of the plan. If the Secretary finds the
24 plan is not consistent with the lease and all such
25 statutory and regulatory requirements, the Secretary



1 shall notify the lessee with a detailed explanation of
2 such modifications of such plan as are necessary to
3 achieve compliance. The Secretary shall have 30
4 days to review any modified plan submitted by the
5 lessee. The lessee shall not take any action under
6 the exploration plan within the 30-day review period,
7 or thereafter until the plan has been modified to
8 achieve compliance as so notified.

9 “(2) An exploration plan submitted under this
10 subsection shall include, in the degree of detail
11 which the Secretary may by regulation require—

12 “(A) a schedule of anticipated exploration
13 activities to be undertaken;

14 “(B) a description of equipment to be used
15 for such activities;

16 “(C) the general location of each well to be
17 drilled; and

18 “(D) such other information deemed perti-
19 nent by the Secretary.

20 “(3) The Secretary may, by regulation, require
21 that such plan be accompanied by a general state-
22 ment of development and production intentions
23 which shall be for planning purposes only and which
24 shall not be binding on any party.



1 “(d) PLAN REVISIONS; CONDUCT OF EXPLORATION
2 ACTIVITIES.—

3 “(1) If a significant revision of an exploration
4 plan under this subsection is submitted to the Sec-
5 retary, the process to be used for the review of such
6 revision shall be the same as set forth in subsection
7 (c) of this section.

8 “(2) All exploration activities pursuant to any
9 lease shall be conducted in accordance with an explo-
10 ration plan or a revised plan which has been sub-
11 mitted to and reviewed by the Secretary.”.

12 **SEC. 9. RESERVATION OF LANDS AND RIGHTS.**

13 Section 12 of the Outer Continental Shelf Lands Act
14 (43 U.S.C. 1341) is amended—

15 (1) in subsection (a) by adding at the end the
16 following: “The President may partially or com-
17 pletely revise or revoke any prior withdrawal made
18 by the President under the authority of this section.
19 The President may not revise or revoke a withdrawal
20 that was initiated by a petition from a State and ap-
21 proved by the Secretary of the Interior under sub-
22 section (h). A withdrawal by the President may be
23 for a term not to exceed 10 years. When considering
24 potential uses of the outer Continental Shelf, to the



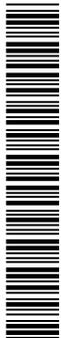
1 maximum extent possible, the President shall accom-
2 modate competing interests and potential uses.”;

3 (2) by adding at the end the following:

4 “(g) AVAILABILITY FOR LEASING WITHIN CERTAIN
5 AREAS OF THE OUTER CONTINENTAL SHELF.—

6 “(1) PROHIBITION AGAINST LEASING.—

7 “(A) UNAVAILABLE FOR LEASING WITH-
8 OUT STATE REQUEST.—Except as otherwise
9 provided in this subsection, from and after en-
10 actment of the Deep Ocean Energy Resources
11 Act of 2006, the Secretary shall not offer for
12 leasing for oil and gas, or natural gas, any area
13 within 50 miles of the coastline that was with-
14 drawn from disposition by leasing in the Atlan-
15 tic OCS Region or the Pacific OCS Region, or
16 the Gulf of Mexico OCS Region Eastern Plan-
17 ning Area, as depicted on the maps referred to
18 in this subparagraph, under the ‘Memorandum
19 on Withdrawal of Certain Areas of the United
20 States Outer Continental Shelf from Leasing
21 Disposition’, 34 Weekly Comp. Pres. Doc.
22 1111, dated June 12, 1998, or any area within
23 50 miles of the coastline not withdrawn under
24 that Memorandum that is included within the
25 Gulf of Mexico OCS Region Eastern Planning



1 Area as indicated on the map entitled ‘Gulf of
2 Mexico OCS Region State Adjacent Zones and
3 OCS Planning Areas’ or the Florida Straits
4 Planning Area as indicated on the map entitled
5 ‘Atlantic OCS Region State Adjacent Zones and
6 OCS Planning Areas’, both of which are dated
7 September 2005 and on file in the Office of the
8 Director, Minerals Management Service.

9 “(B) AREAS BETWEEN 50 AND 100 MILES
10 FROM THE COASTLINE.—Unless an Adjacent
11 State petitions under subsection (h) within one
12 year after the date of the enactment of the
13 Deep Ocean Energy Resources Act of 2006 for
14 natural gas leasing or by June 30, 2009, for oil
15 and gas leasing, the Secretary shall offer for
16 leasing any area more than 50 miles but less
17 than 100 miles from the coastline that was
18 withdrawn from disposition by leasing in the
19 Atlantic OCS Region, the Pacific OCS Region,
20 or the Gulf of Mexico OCS Region Eastern
21 Planning Area, as depicted on the maps re-
22 ferred to in this subparagraph, under the
23 ‘Memorandum on Withdrawal of Certain Areas
24 of the United States Outer Continental Shelf
25 from Leasing Disposition’, 34 Weekly Comp.



1 Pres. Doc. 1111, dated June 12, 1998, or any
2 area more than 50 miles but less than 100
3 miles of the coastline not withdrawn under that
4 Memorandum that is included within the Gulf
5 of Mexico OCS Region Eastern Planning Area
6 as indicated on the map entitled 'Gulf of Mex-
7 ico OCS Region State Adjacent Zones and OCS
8 Planning Areas' or within the Florida Straits
9 Planning Area as indicated on the map entitled
10 'Atlantic OCS Region State Adjacent Zones
11 and OCS Planning Areas', both of which are
12 dated September 2005 and on file in the Office
13 of the Director, Minerals Management Service.

14 “(2) REVOCATION OF WITHDRAWAL.—The pro-
15 visions of the 'Memorandum on Withdrawal of Cer-
16 tain Areas of the United States Outer Continental
17 Shelf from Leasing Disposition', 34 Weekly Comp.
18 Pres. Doc. 1111, dated June 12, 1998, are hereby
19 revoked and are no longer in effect regarding any
20 areas that are more than 100 miles from the coast-
21 line, nor for any areas that are less than 100 miles
22 from the coastline and are included within the Gulf
23 of Mexico OCS Region Central Planning Area as de-
24 picted on the map entitled 'Gulf of Mexico OCS Re-
25 gion State Adjacent Zones and OCS Planning Areas'



1 dated September 2005 and on file in the Office of
2 the Director, Minerals Management Service. The
3 2002–2007 5-Year Outer Continental Shelf Oil and
4 Gas Leasing Program is hereby amended to include
5 the areas added to the Gulf of Mexico OCS Region
6 Central Planning Area by this Act to the extent that
7 such areas were included within the original bound-
8 aries of proposed Lease Sale 181. The amendment
9 to such leasing program includes a sale in such addi-
10 tional areas, which shall be held no later than June
11 30, 2007. The Final Environmental Impact State-
12 ment prepared for this area for Lease Sale 181 shall
13 be deemed sufficient for all purposes for each lease
14 sale in which such area is offered for lease during
15 the 2002–2007 5-Year Outer Continental Shelf Oil
16 and Gas Leasing Program without need for sup-
17 plementation. Any tract only partially added to the
18 Gulf of Mexico OCS Region Central Planning Area
19 by this Act shall be eligible for leasing of the part
20 of such tract that is included within the Gulf of
21 Mexico OCS Region Central Planning Area, and the
22 remainder of such tract that lies outside of the Gulf
23 of Mexico OCS Region Central Planning Area may
24 be developed and produced by the lessee of such par-
25 tial tract using extended reach or similar drilling



1 from a location on a leased area. Further, any area
2 in the OCS withdrawn from leasing may be leased,
3 and thereafter developed and produced by the lessee
4 using extended reach or similar drilling from a loca-
5 tion on a leased area located in an area available for
6 leasing.

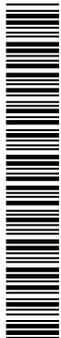
7 “(3) PETITION FOR LEASING.—

8 “(A) IN GENERAL.—The Governor of the
9 State, upon concurrence of its legislature, may
10 submit to the Secretary a petition requesting
11 that the Secretary make available any area that
12 is within the State’s Adjacent Zone, included
13 within the provisions of paragraph (1), and that
14 (i) is greater than 25 miles from any point on
15 the coastline of a Neighboring State for the
16 conduct of offshore leasing, pre-leasing, and re-
17 lated activities with respect to natural gas leas-
18 ing; or (ii) is greater than 50 miles from any
19 point on the coastline of a Neighboring State
20 for the conduct of offshore leasing, pre-leasing,
21 and related activities with respect to oil and gas
22 leasing. The Adjacent State may also petition
23 for leasing any other area within its Adjacent
24 Zone if leasing is allowed in the similar area of
25 the Adjacent Zone of the applicable Neigh-



1 boring State, or if not allowed, if the Neigh-
2 boring State, acting through its Governor, ex-
3 presses its concurrence with the petition. The
4 Secretary shall only consider such a petition
5 upon making a finding that leasing is allowed
6 in the similar area of the Adjacent Zone of the
7 applicable Neighboring State or upon receipt of
8 the concurrence of the Neighboring State. The
9 date of receipt by the Secretary of such concur-
10 rence by the Neighboring State shall constitute
11 the date of receipt of the petition for that area
12 for which the concurrence applies. Except for
13 any area described in the last sentence of para-
14 graph (2), a petition for leasing any part of the
15 Alabama Adjacent Zone that is a part of the
16 Gulf of Mexico Eastern Planning Area, as indi-
17 cated on the map entitled ‘Gulf of Mexico OCS
18 Region State Adjacent Zones and OCS Plan-
19 ning Areas’ which is dated September 2005 and
20 on file in the Office of the Director, Minerals
21 Management Service, shall require the concur-
22 rence of both Alabama and Florida.

23 “(B) LIMITATIONS ON LEASING.—In its
24 petition, a State with an Adjacent Zone that
25 contains leased tracts may condition new leas-



1 ing for oil and gas, or natural gas for tracts
2 within 25 miles of the coastline by—

3 “(i) requiring a net reduction in the
4 number of production platforms;

5 “(ii) requiring a net increase in the
6 average distance of production platforms
7 from the coastline;

8 “(iii) limiting permanent surface occu-
9 pancy on new leases to areas that are more
10 than 10 miles from the coastline;

11 “(iv) limiting some tracts to being
12 produced from shore or from platforms lo-
13 cated on other tracts; or

14 “(v) other conditions that the Adja-
15 cent State may deem appropriate as long
16 as the Secretary does not determine that
17 production is made economically or tech-
18 nically impracticable or otherwise impos-
19 sible.

20 “(C) ACTION BY SECRETARY.—Not later
21 than 90 days after receipt of a petition under
22 subparagraph (A), the Secretary shall approve
23 the petition, unless the Secretary determines
24 that leasing the area would probably cause seri-
25 ous harm or damage to the marine resources of



1 the State's Adjacent Zone. Prior to approving
2 the petition, the Secretary shall complete an en-
3 vironmental assessment that documents the an-
4 ticipated environmental effects of leasing in the
5 area included within the scope of the petition.

6 “(D) FAILURE TO ACT.—If the Secretary
7 fails to approve or deny a petition in accordance
8 with subparagraph (C) the petition shall be con-
9 sidered to be approved 90 days after receipt of
10 the petition.

11 “(E) AMENDMENT OF THE 5-YEAR LEAS-
12 ING PROGRAM.—Notwithstanding section 18,
13 within 180 days of the approval of a petition
14 under subparagraph (C) or (D), after the expi-
15 ration of the time limits in paragraph (1)(B),
16 and within 180 days after the enactment of the
17 Deep Ocean Energy Resources Act of 2006 for
18 the areas made available for leasing under
19 paragraph (2), the Secretary shall amend the
20 current 5-Year Outer Continental Shelf Oil and
21 Gas Leasing Program to include a lease sale or
22 sales for at least 75 percent of the associated
23 areas, unless there are, from the date of ap-
24 proval, expiration of such time limits, or enact-
25 ment, as applicable, fewer than 12 months re-



1 maining in the current 5-Year Leasing Program
2 in which case the Secretary shall include the as-
3 sociated areas within lease sales under the next
4 5-Year Leasing Program. For purposes of
5 amending the 5-Year Program in accordance
6 with this section, further consultations with
7 States shall not be required. For purposes of
8 this section, an environmental assessment per-
9 formed under the provisions of the National
10 Environmental Policy Act of 1969 to assess the
11 effects of approving the petition shall be suffi-
12 cient to amend the 5-Year Leasing Program.

13 “(h) OPTION TO PETITION FOR EXTENSION OF
14 WITHDRAWAL FROM LEASING WITHIN CERTAIN AREAS
15 OF THE OUTER CONTINENTAL SHELF.—

16 “(1) IN GENERAL.—The Governor of the State,
17 upon the concurrence of its legislature, may submit
18 to the Secretary petitions requesting that the Sec-
19 retary extend for a period of time of up to 5 years
20 for each petition the withdrawal from leasing for all
21 or part of any area within the State’s Adjacent Zone
22 located more than 50 miles, but less than 100 miles,
23 from the coastline that is subject to subsection
24 (g)(1)(B). A State may petition multiple times for
25 any particular area but not more than once per cal-



1 endar year for any particular area. A State must
2 submit separate petitions, with separate votes by its
3 legislature, for oil and gas leasing and for natural
4 gas leasing. A petition of a State may request some
5 areas to be withdrawn from all leasing and some
6 areas to be withdrawn only from one type of leasing.
7 Petitions for extending the withdrawal from leasing
8 of any part of the Alabama Adjacent Zone that is
9 more than 50 miles, but less than 100 miles, from
10 the coastline that is a part of the Gulf of Mexico
11 OCS Region Eastern Planning Area, as indicated on
12 the map entitled ‘Gulf of Mexico OCS Region State
13 Adjacent Zones and OCS Planning Areas’ which is
14 dated September 2005 and on file in the Office of
15 the Director, Minerals Management Service, may be
16 made by either Alabama or Florida.

17 “(2) ACTION BY SECRETARY.—The Secretary
18 shall perform an environmental assessment under
19 the National Environmental Policy Act of 1969 to
20 assess the effects of approving the petition under
21 paragraph (1). Not later than 90 days after receipt
22 of the petition, the Secretary shall approve the peti-
23 tion, unless the Secretary determines that extending
24 the withdrawal from leasing would probably cause
25 serious harm or damage to the marine resources of



1 the State's Adjacent Zone. The Secretary shall not
2 approve a petition from a State that extends the re-
3 maining period of a withdrawal of an area from leas-
4 ing for a total of more than 10 years. However, the
5 Secretary may approve petitions to extend the with-
6 drawal from leasing of any area ad infinitum, sub-
7 ject only to the limitations contained in this sub-
8 section.

9 “(3) FAILURE TO ACT.—If the Secretary fails
10 to approve or deny a petition in accordance with
11 paragraph (2) the petition shall be considered to be
12 approved 90 days after receipt of the petition.

13 “(i) EFFECT OF OTHER LAWS.—Adoption by any
14 Adjacent State of any constitutional provision, or enact-
15 ment of any State statute, that has the effect, as deter-
16 mined by the Secretary, of restricting either the Governor
17 or the Legislature, or both, from exercising full discretion
18 related to subsection (g) or (h), or both, shall automati-
19 cally (1) prohibit any sharing of OCS Receipts under this
20 Act with the Adjacent State, and its coastal political sub-
21 divisions, and (2) prohibit the Adjacent State from exer-
22 cising any authority under subsection (h), for the duration
23 of the restriction. The Secretary shall make the determina-
24 tion of the existence of such restricting constitutional pro-



1 vision or State statute within 30 days of a petition by any
2 outer Continental Shelf lessee or coastal State.”.

3 **SEC. 10. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

4 Section 18 of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1344) is amended—

6 (1) in subsection (a), by adding at the end of
7 paragraph (3) the following: “The Secretary shall, in
8 each 5-year program, include lease sales that when
9 viewed as a whole propose to offer for oil and gas
10 or natural gas leasing at least 75 percent of the
11 available unleased acreage within each OCS Plan-
12 ning Area. Available unleased acreage is that portion
13 of the outer Continental Shelf that is not under
14 lease at the time of the proposed lease sale, and has
15 not otherwise been made unavailable for leasing by
16 law.”;

17 (2) in subsection (c), by striking so much as
18 precedes paragraph (3) and inserting the following:

19 “(c)(1) During the preparation of any proposed leas-
20 ing program under this section, the Secretary shall con-
21 sider and analyze leasing throughout the entire Outer
22 Continental Shelf without regard to any other law affect-
23 ing such leasing. During this preparation the Secretary
24 shall invite and consider suggestions from any interested
25 Federal agency, including the Attorney General, in con-



1 sultation with the Federal Trade Commission, and from
2 the Governor of any coastal State. The Secretary may also
3 invite or consider any suggestions from the executive of
4 any local government in a coastal State that have been
5 previously submitted to the Governor of such State, and
6 from any other person. Further, the Secretary shall con-
7 sult with the Secretary of Defense regarding military oper-
8 ational needs in the outer Continental Shelf. The Sec-
9 retary shall work with the Secretary of Defense to resolve
10 any conflicts that might arise regarding offering any area
11 of the outer Continental Shelf for oil and gas or natural
12 gas leasing. If the Secretaries are not able to resolve all
13 such conflicts, any unresolved issues shall be elevated to
14 the President for resolution.

15 “(2) After the consideration and analysis required by
16 paragraph (1), including the consideration of the sugges-
17 tions received from any interested Federal agency, the
18 Federal Trade Commission, the Governor of any coastal
19 State, any local government of a coastal State, and any
20 other person, the Secretary shall publish in the Federal
21 Register a proposed leasing program accompanied by a
22 draft environmental impact statement prepared pursuant
23 to the National Environmental Policy Act of 1969. After
24 the publishing of the proposed leasing program and during
25 the comment period provided for on the draft environ-



1 mental impact statement, the Secretary shall submit a
2 copy of the proposed program to the Governor of each af-
3 fected State for review and comment. The Governor may
4 solicit comments from those executives of local govern-
5 ments in the Governor's State that the Governor, in the
6 discretion of the Governor, determines will be affected by
7 the proposed program. If any comment by such Governor
8 is received by the Secretary at least 15 days prior to sub-
9 mission to the Congress pursuant to paragraph (3) and
10 includes a request for any modification of such proposed
11 program, the Secretary shall reply in writing, granting or
12 denying such request in whole or in part, or granting such
13 request in such modified form as the Secretary considers
14 appropriate, and stating the Secretary's reasons therefor.
15 All such correspondence between the Secretary and the
16 Governor of any affected State, together with any addi-
17 tional information and data relating thereto, shall accom-
18 pany such proposed program when it is submitted to the
19 Congress.”; and

20 (3) by adding at the end the following:

21 “(i) PROJECTION OF STATE ADJACENT ZONE RE-
22 SOURCES AND STATE AND LOCAL GOVERNMENT SHARES
23 OF OCS RECEIPTS.—Concurrent with the publication of
24 the scoping notice at the beginning of the development of
25 each 5-year outer Continental Shelf oil and gas leasing



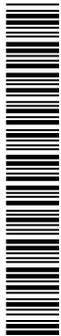
1 program, or as soon thereafter as possible, the secretary
2 shall—

3 “(1) provide to each Adjacent State a cur-
4 rent estimate of proven and potential oil and
5 gas resources located within the State’s Adja-
6 cent Zone; and

7 “(2) provide to each Adjacent State, and
8 coastal political subdivisions thereof, a best-ef-
9 forts projection of the OCS Receipts that the
10 Secretary expects will be shared with each Ad-
11 jacent State, and its coastal political subdivi-
12 sions, using the assumption that the unleased
13 tracts within the State’s Adjacent Zone are
14 fully made available for leasing, including long-
15 term projected OCS Receipts. In addition, the
16 Secretary shall include a macroeconomic esti-
17 mate of the impact of such leasing on the na-
18 tional economy and each State’s economy, in-
19 cluding investment, jobs, revenues, personal in-
20 come, and other categories.”.

21 **SEC. 11. COORDINATION WITH ADJACENT STATES.**

22 Section 19 of the Outer Continental Shelf Lands Act
23 (43 U.S.C. 1345) is amended—



1 (1) in subsection (a) in the first sentence by in-
2 serting “, for any tract located within the Adjacent
3 State’s Adjacent Zone,” after “government”; and

4 (2) by adding the following:

5 “(f)(1) No Federal agency may permit or otherwise
6 approve, without the concurrence of the Adjacent State,
7 the construction of a crude oil or petroleum products (or
8 both) pipeline within the part of the Adjacent State’s Ad-
9 jacent Zone that is withdrawn from oil and gas or natural
10 gas leasing, except that such a pipeline may be approved,
11 without such Adjacent State’s concurrence, to pass
12 through such Adjacent Zone if at least 50 percent of the
13 production projected to be carried by the pipeline within
14 its first 10 years of operation is from areas of the Adja-
15 cent State’s Adjacent Zone.

16 “(2) No State may prohibit the construction within
17 its Adjacent Zone or its State waters of a natural gas pipe-
18 line that will transport natural gas produced from the
19 outer Continental Shelf. However, an Adjacent State may
20 prevent a proposed natural gas pipeline landing location
21 if it proposes two alternate landing locations in the Adja-
22 cent State, acceptable to the Adjacent State, located with-
23 in 50 miles on either side of the proposed landing loca-
24 tion.”.



1 **SEC. 12. ENVIRONMENTAL STUDIES.**

2 Section 20(d) of the Outer Continental Shelf Lands
3 Act (43 U.S.C. 1346) is amended—

4 (1) by inserting “(1)” after “(d)”; and

5 (2) by adding at the end the following:

6 “(2) For all programs, lease sales, leases, and
7 actions under this Act, the following shall apply re-
8 garding the application of the National Environ-
9 mental Policy Act of 1969:

10 “(A) Granting or directing lease suspen-
11 sions and the conduct of all preliminary activi-
12 ties on outer Continental Shelf tracts, including
13 seismic activities, are categorically excluded
14 from the need to prepare either an environ-
15 mental assessment or an environmental impact
16 statement, and the Secretary shall not be re-
17 quired to analyze whether any exceptions to a
18 categorical exclusion apply for activities con-
19 ducted under the authority of this Act.

20 “(B) The environmental impact statement
21 developed in support of each 5-year oil and gas
22 leasing program provides the environmental
23 analysis for all lease sales to be conducted
24 under the program and such sales shall not be
25 subject to further environmental analysis.



1 “(C) Exploration plans shall not be subject
2 to any requirement to prepare an environmental
3 impact statement, and the Secretary may find
4 that exploration plans are eligible for categor-
5 ical exclusion due to the impacts already being
6 considered within an environmental impact
7 statement or due to mitigation measures in-
8 cluded within the plan.

9 “(D) Within each OCS Planning Area,
10 after the preparation of the first development
11 and production plan environmental impact
12 statement for a leased tract within the Area, fu-
13 ture development and production plans for
14 leased tracts within the Area shall only require
15 the preparation of an environmental assessment
16 unless the most recent development and produc-
17 tion plan environmental impact statement with-
18 in the Area was finalized more than 10 years
19 prior to the date of the approval of the plan, in
20 which case an environmental impact statement
21 shall be required.”.

22 **SEC. 13. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
23 **OPMENT AND PRODUCTION PLANS.**

24 Section 25 of the Outer Continental Shelf Lands Act
25 (43 U.S.C. 1351(a)) is amended to read as follows:



1 **“SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
2 **OPMENT AND PRODUCTION PLANS.**

3 “(a) DEVELOPMENT AND PRODUCTION PLANS; SUB-
4 MISSION TO SECRETARY; STATEMENT OF FACILITIES AND
5 OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED
6 STATES AND LOCAL GOVERNMENTS.—

7 “(1) Prior to development and production pur-
8 suant to an oil and gas lease issued on or after Sep-
9 tember 18, 1978, for any area of the outer Conti-
10 nental Shelf, or issued or maintained prior to Sep-
11 tember 18, 1978, for any area of the outer Conti-
12 nental Shelf, with respect to which no oil or gas has
13 been discovered in paying quantities prior to Sep-
14 tember 18, 1978, the lessee shall submit a develop-
15 ment and production plan (hereinafter in this sec-
16 tion referred to as a ‘plan’) to the Secretary for re-
17 view.

18 “(2) A plan shall be accompanied by a state-
19 ment describing all facilities and operations, other
20 than those on the outer Continental Shelf, proposed
21 by the lessee and known by the lessee (whether or
22 not owned or operated by such lessee) that will be
23 constructed or utilized in the development and pro-
24 duction of oil or gas from the lease area, including
25 the location and site of such facilities and oper-
26 ations, the land, labor, material, and energy require-



1 ments associated with such facilities and operations,
2 and all environmental and safety safeguards to be
3 implemented.

4 “(3) Except for any privileged or proprietary
5 information (as such term is defined in regulations
6 issued by the Secretary), the Secretary, within 30
7 days after receipt of a plan and statement, shall—

8 “(A) submit such plan and statement to
9 the Governor of any affected State, and upon
10 request to the executive of any affected local
11 government; and

12 “(B) make such plan and statement avail-
13 able to any appropriate interstate regional enti-
14 ty and the public.

15 “(b) DEVELOPMENT AND PRODUCTION ACTIVITIES
16 IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—
17 After enactment of the Deep Ocean Energy Resources Act
18 of 2006, no oil and gas lease may be issued pursuant to
19 this Act in any region of the outer Continental Shelf, un-
20 less such lease requires that development and production
21 activities be carried out in accordance with a plan that
22 complies with the requirements of this section. This sec-
23 tion shall also apply to leases that do not have an approved
24 development and production plan as of the date of enact-
25 ment of the Deep Ocean Energy Resources Act of 2006.



1 “(c) SCOPE AND CONTENTS OF PLAN.—A plan may
2 apply to more than one oil and gas lease, and shall set
3 forth, in the degree of detail established by regulations
4 issued by the Secretary—

5 “(1) the general work to be performed;

6 “(2) a description of all facilities and operations
7 located on the outer Continental Shelf that are pro-
8 posed by the lessee or known by the lessee (whether
9 or not owned or operated by such lessee) to be di-
10 rectly related to the proposed development, including
11 the location and size of such facilities and oper-
12 ations, and the land, labor, material, and energy re-
13 quirements associated with such facilities and oper-
14 ations;

15 “(3) the environmental safeguards to be imple-
16 mented on the outer Continental Shelf and how such
17 safeguards are to be implemented;

18 “(4) all safety standards to be met and how
19 such standards are to be met;

20 “(5) an expected rate of development and pro-
21 duction and a time schedule for performance; and

22 “(6) such other relevant information as the Sec-
23 retary may by regulation require.

24 “(d) COMPLETENESS REVIEW OF THE PLAN.—



1 “(1) Prior to commencing any activity under a
2 development and production plan pursuant to any oil
3 and gas lease issued or maintained under this Act,
4 the lessee shall certify that the plan is consistent
5 with the terms of the lease and that it is consistent
6 with all statutory and regulatory requirements in ef-
7 fect on the date of issuance of the lease, and any
8 regulations promulgated under this Act related to
9 the conservation of resources after the date of lease
10 issuance. The plan shall include all required infor-
11 mation and documentation required under sub-
12 section (c).

13 “(2) The Secretary shall review the plan for
14 completeness within 30 days of submission. If the
15 Secretary finds that the plan is not complete, the
16 Secretary shall notify the lessee with a detailed ex-
17 planation of such modifications of such plan as are
18 necessary to achieve completeness. The Secretary
19 shall have 30 days to review a modified plan for
20 completeness.

21 “(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

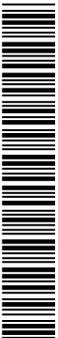
22 “(1) After a determination that a plan is com-
23 plete, the Secretary shall have 120 days to conduct
24 a review of the plan, to ensure that it is consistent
25 with the terms of the lease, and that it is consistent



1 with all such statutory and regulatory requirements
2 applicable to the lease. The review shall ensure that
3 the plan is consistent with lease terms, and statutory
4 and regulatory requirements applicable to the lease,
5 related to national security or national defense, in-
6 cluding any military operating stipulations or other
7 restrictions. The Secretary shall seek the assistance
8 of the Department of Defense in the conduct of the
9 review of any plan prepared under this section for
10 a lease containing military operating stipulations or
11 other restrictions and shall accept the assistance of
12 the Department of Defense in the conduct of the re-
13 view of any plan prepared under this section for any
14 other lease when the Secretary of Defense requests
15 an opportunity to participate in the review. If the
16 Secretary finds that the plan is not consistent, the
17 Secretary shall notify the lessee with a detailed ex-
18 planation of such modifications of such plan as are
19 necessary to achieve consistency.

20 “(2) The Secretary shall have 120 days to re-
21 view a modified plan.

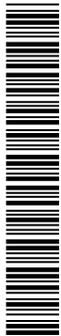
22 “(3) The lessee shall not conduct any activities
23 under the plan during any 120-day review period, or
24 thereafter until the plan has been modified to
25 achieve compliance as so notified.



1 “(4) After review by the Secretary provided for
2 by this section, a lessee may operate pursuant to the
3 plan without further review or approval by the Sec-
4 retary.

5 “(f) REVIEW OF REVISION OF THE APPROVED
6 PLAN.—The lessee may submit to the Secretary any revi-
7 sion of a plan if the lessee determines that such revision
8 will lead to greater recovery of oil and natural gas, im-
9 prove the efficiency, safety, and environmental protection
10 of the recovery operation, is the only means available to
11 avoid substantial economic hardship to the lessee, or is
12 otherwise not inconsistent with the provisions of this Act,
13 to the extent such revision is consistent with protection
14 of the human, marine, and coastal environments. The
15 process to be used for the review of any such revision shall
16 be the same as that set forth in subsections (d) and (e).

17 “(g) CANCELLATION OF LEASE ON FAILURE TO SUB-
18 MIT PLAN OR COMPLY WITH A PLAN.—Whenever the
19 owner of any lease fails to submit a plan in accordance
20 with regulations issued under this section, or fails to com-
21 ply with a plan, the lease may be canceled in accordance
22 with section 5(c) and (d). Termination of a lease because
23 of failure to comply with a plan, including required modi-
24 fications or revisions, shall not entitle a lessee to any com-
25 pensation.



1 “(h) PRODUCTION AND TRANSPORTATION OF NAT-
2 URAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY
3 REGULATORY COMMISSION; IMPACT STATEMENT.—If any
4 development and production plan submitted to the Sec-
5 retary pursuant to this section provides for the production
6 and transportation of natural gas, the lessee shall contem-
7 poraneously submit to the Federal Energy Regulatory
8 Commission that portion of such plan that relates to the
9 facilities for transportation of natural gas. The Secretary
10 and the Federal Energy Regulatory Commission shall
11 agree as to which of them shall prepare an environmental
12 impact statement pursuant to the National Environmental
13 Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable
14 to such portion of such plan, or conduct studies as to the
15 effect on the environment of implementing it. Thereafter,
16 the findings and recommendations by the agency pre-
17 paring such environmental impact statement or con-
18 ducting such studies pursuant to such agreement shall be
19 adopted by the other agency, and such other agency shall
20 not independently prepare another environmental impact
21 statement or duplicate such studies with respect to such
22 portion of such plan, but the Federal Energy Regulatory
23 Commission, in connection with its review of an applica-
24 tion for a certificate of public convenience and necessity
25 applicable to such transportation facilities pursuant to sec-



1 tion 7 of the Natural Gas Act (15 U.S.C. 717f), may pre-
2 pare such environmental studies or statement relevant to
3 certification of such transportation facilities as have not
4 been covered by an environmental impact statement or
5 studies prepared by the Secretary. The Secretary, in con-
6 sultation with the Federal Energy Regulatory Commis-
7 sion, shall promulgate rules to implement this subsection,
8 but the Federal Energy Regulatory Commission shall re-
9 tain sole authority with respect to rules and procedures
10 applicable to the filing of any application with the Com-
11 mission and to all aspects of the Commission's review of,
12 and action on, any such application.”.

13 **SEC. 14. FEDERAL ENERGY NATURAL RESOURCES EN-**
14 **HANCEMENT FUND ACT OF 2006.**

15 (a) FINDINGS.—The Congress finds the following:

16 (1) Energy and minerals exploration, develop-
17 ment, and production on Federal onshore and off-
18 shore lands, including bio-based fuel, natural gas,
19 minerals, oil, geothermal, and power from wind,
20 waves, currents, and thermal energy, involves signifi-
21 cant outlays of funds by Federal and State wildlife,
22 fish, and natural resource management agencies for
23 environmental studies, planning, development, moni-
24 toring, and management of wildlife, fish, air, water,
25 and other natural resources.



1 (2) State wildlife, fish, and natural resource
2 management agencies are funded primarily through
3 permit and license fees paid to the States by the
4 general public to hunt and fish, and through Federal
5 excise taxes on equipment used for these activities.

6 (3) Funds generated from consumptive and rec-
7 reational uses of wildlife, fish, and other natural re-
8 sources currently are inadequate to address the nat-
9 ural resources related to energy and minerals devel-
10 opment on Federal onshore and offshore lands.

11 (4) Funds available to Federal agencies respon-
12 sible for managing Federal onshore and offshore
13 lands and Federal-trust wildlife and fish species and
14 their habitats are inadequate to address the natural
15 resources related to energy and minerals develop-
16 ment on Federal onshore and offshore lands.

17 (5) Receipts derived from sales, bonus bids, and
18 royalties under the mineral leasing laws of the
19 United States are paid to the Treasury through the
20 Minerals Management Service of the Department of
21 the Interior.

22 (6) None of the receipts derived from sales,
23 bonus bids, and royalties under the minerals leasing
24 laws of the United States are paid to the Federal or
25 State agencies to examine, monitor, and manage



1 wildlife, fish, air, water, and other natural resources
2 related to natural gas, oil, and mineral exploration
3 and development.

4 (b) PURPOSES.—It is the purpose of this section to—

5 (1) establish a fund for the monitoring and
6 management of wildlife and fish, and their habitats,
7 and air, water, and other natural resources related
8 to energy and minerals development on Federal on-
9 shore and offshore lands;

10 (2) make available receipts derived from sales,
11 bonus bids, royalties, and fees from onshore and off-
12 shore gas, mineral, oil, and any additional form of
13 energy and minerals development under the laws of
14 the United States for the purposes of such fund;

15 (3) distribute funds from such fund each fiscal
16 year to the Secretary of the Interior and the States;
17 and

18 (4) use the distributed funds to secure the nec-
19 essary trained workforce or contractual services to
20 conduct environmental studies, planning, develop-
21 ment, monitoring, and post-development manage-
22 ment of wildlife and fish and their habitats and air,
23 water, and other natural resources that may be re-
24 lated to bio-based fuel, gas, mineral, oil, wind, or
25 other energy exploration, development, transpor-



1 tation, transmission, and associated activities on
2 Federal onshore and offshore lands, including, but
3 not limited to—

4 (A) pertinent research, surveys, and envi-
5 ronmental analyses conducted to identify any
6 impacts on wildlife, fish, air, water, and other
7 natural resources from energy and mineral ex-
8 ploration, development, production, and trans-
9 portation or transmission;

10 (B) projects to maintain, improve, or en-
11 hance wildlife and fish populations and their
12 habitats or air, water, or other natural re-
13 sources, including activities under the Endan-
14 gered Species Act of 1973;

15 (C) research, surveys, environmental anal-
16 yses, and projects that assist in managing, in-
17 cluding mitigating either onsite or offsite, or
18 both, the impacts of energy and mineral activi-
19 ties on wildlife, fish, air, water, and other nat-
20 ural resources; and

21 (D) projects to teach young people to live
22 off the land.

23 (c) DEFINITIONS.—In this section:

24 (1) ENHANCEMENT FUND.—The term “En-
25 hancement Fund” means the Federal Energy Nat-



1 ural Resources Enhancement Fund established by
2 subsection (d).

3 (2) STATE.—The term “State” means the Gov-
4 ernor of the State.

5 (d) ESTABLISHMENT AND USE OF FEDERAL ENERGY
6 NATURAL RESOURCES ENHANCEMENT FUND.—

7 (1) ENHANCEMENT FUND.—There is estab-
8 lished in the Treasury a separate account to be
9 known as the “Federal Energy Natural Resources
10 Enhancement Fund”.

11 (2) FUNDING.—The Secretary of the Treasury
12 shall deposit in the Enhancement Fund—

13 (A) such sums as are provided by sections
14 9(b)(5)(A)(ii), 9(b)(5)(B)(ii), 9(c)(4)(A)(ii), and
15 9(c)(4)(B)(ii) of the Outer Continental Shelf
16 Lands Act, as amended by this Act;

17 (B)(i) during the period of October 1,
18 2006, through September 30, 2015, one percent
19 of all sums paid into the Treasury under sec-
20 tion 35 of the Mineral Leasing Act (30 U.S.C.
21 191), and

22 (ii) beginning October 1, 2015, and there-
23 after, 2.5 percent of all sums paid into the
24 Treasury under section 35 of the Mineral Leas-
25 ing Act (30 U.S.C. 191); and



1 (C)(i) during the period of October 1,
2 2006, through September 30, 2015, one percent
3 of all sums paid into the Treasury from receipts
4 derived from bonus bids and royalties from
5 other mineral leasing on public lands, and

6 (ii) beginning October 1, 2015, and there-
7 after, 2.5 percent of all sums paid into the
8 Treasury from receipts derived from bonus bids
9 and royalties from other mineral leasing on
10 public lands.

11 (3) INVESTMENTS.—The Secretary of the
12 Treasury shall invest the amounts deposited under
13 paragraph (2) and all accrued interest on the
14 amounts deposited under paragraph (2) only in in-
15 terest bearing obligations of the United States or in
16 obligations guaranteed as to both principal and in-
17 terest by the United States.

18 (4) PAYMENT TO SECRETARY OF THE INTE-
19 RIOR.—

20 (A) IN GENERAL.—Beginning with fiscal
21 year 2007, and in each fiscal year thereafter,
22 one-third of amounts deposited into the En-
23 hancement Fund, together with the interest
24 thereon, shall be available, without fiscal year



1 limitations, to the Secretary of the Interior for
2 use for the purposes described in (b)(4).

3 (B) WITHDRAWALS AND TRANSFER OF
4 FUNDS.—The Secretary of the Treasury shall
5 withdraw such amounts from the Enhancement
6 Fund as the Secretary of the Interior may re-
7 quest, subject to the limitation in (A), and
8 transfer such amounts to the Secretary of the
9 Interior to be used, at the discretion of the Sec-
10 retary of the Interior, by the Minerals Manage-
11 ment Service, the Bureau of Land Manage-
12 ment, and the United States Fish and Wildlife
13 Service for use for the purposes described in
14 subsection (b)(4).

15 (5) PAYMENT TO STATES.—

16 (A) IN GENERAL.—Beginning with fiscal
17 year 2007, and in each fiscal year thereafter,
18 two-thirds of amounts deposited into the En-
19 hancement Fund, together with the interest
20 thereon, shall be available, without fiscal year
21 limitations, to the States for use for the pur-
22 poses described in (b)(4).

23 (B) WITHDRAWALS AND TRANSFER OF
24 FUNDS.—Within the first 90 days of each fiscal
25 year, the Secretary of the Treasury shall with-



1 draw amounts from the Enhancement Fund
2 and transfer such amounts to the States based
3 on the proportion of all receipts that were col-
4 lected the previous fiscal year from Federal
5 leases within the boundaries of each State and
6 each State's outer Continental Shelf Adjacent
7 Zone as determined in accordance with section
8 4(a) of the Outer Continental Shelf Lands Act
9 (43 U.S.C. 1333(a)), as amended by this Act.

10 (C) USE OF PAYMENTS BY STATE.—Each
11 State shall use the payments made under sub-
12 paragraph (B) only for carrying out projects
13 and programs for the purposes described in
14 (b)(4).

15 (D) ENCOURAGE USE OF PRIVATE FUNDS
16 BY STATE.—Each State shall use the payments
17 made under subparagraph (B) to leverage pri-
18 vate funds for carrying out projects for the pur-
19 poses described in (b)(4).

20 (e) LIMITATION ON USE.—Amounts available under
21 this section may not be used for the purchase of any inter-
22 est in land.

23 (f) REPORTS TO CONGRESS.—

24 (1) IN GENERAL.—Beginning in fiscal year
25 2008 and continuing for each fiscal year thereafter,



1 the Secretary of the Interior and each State receiv-
2 ing funds from the Enhancement Fund shall submit
3 a report to the Committee on Energy and Natural
4 Resources of the Senate and the Committee on Re-
5 sources of the House of Representatives.

6 (2) REQUIRED INFORMATION.—Reports sub-
7 mitted to the Congress by the Secretary of the Inte-
8 rior and States under this subsection shall include
9 the following information regarding expenditures
10 during the previous fiscal year:

11 (A) A summary of pertinent scientific re-
12 search and surveys conducted to identify im-
13 pacts on wildlife, fish, and other natural re-
14 sources from energy and mineral developments.

15 (B) A summary of projects planned and
16 completed to maintain, improve or enhance
17 wildlife and fish populations and their habitats
18 or other natural resources.

19 (C) A list of additional actions that assist,
20 or would assist, in managing, including miti-
21 gating either onsite or offsite, or both, the im-
22 pacts of energy and mineral development on
23 wildlife, fish, and other natural resources.

24 (D) A summary of private (non-Federal)
25 funds used to plan, conduct, and complete the



1 plans and programs identified in paragraphs
2 (2)(A) and (2)(B).

3 **SEC. 15. TERMINATION OF EFFECT OF LAWS PROHIBITING**
4 **THE SPENDING OF APPROPRIATED FUNDS**
5 **FOR CERTAIN PURPOSES.**

6 All provisions of existing Federal law prohibiting the
7 spending of appropriated funds to conduct oil and natural
8 gas leasing and preleasing activities, or to issue a lease
9 to any person, for any area of the outer Continental Shelf
10 shall have no force or effect.

11 **SEC. 16. OUTER CONTINENTAL SHELF INCOMPATIBLE USE.**

12 (a) IN GENERAL.—No Federal agency may permit
13 construction or operation (or both) of any facility, or des-
14 ignate or maintain a restricted transportation corridor or
15 operating area on the Federal outer Continental Shelf or
16 in State waters, that will be incompatible with, as deter-
17 mined by the Secretary of the Interior, oil and gas or nat-
18 ural gas leasing and substantially full exploration and pro-
19 duction of tracts that are geologically prospective for oil
20 or natural gas (or both).

21 (b) EXCEPTIONS.—Subsection (a) shall not apply to
22 any facility, transportation corridor, or operating area the
23 construction, operation, designation, or maintenance of
24 which is or will be—



1 (1) located in an area of the outer Continental
2 Shelf that is unavailable for oil and gas or natural
3 gas leasing by operation of law;

4 (2) used for a military readiness activity (as de-
5 fined in section 315(f) of Public Law 107-314; 16
6 U.S.C. 703 note); or

7 (3) required in the national interest, as deter-
8 mined by the President.

9 **SEC. 17. REPURCHASE OF CERTAIN LEASES.**

10 (a) **AUTHORITY TO REPURCHASE AND CANCEL CER-**
11 **TAIN LEASES.**—The Secretary of the Interior shall repur-
12 chase and cancel any Federal oil and gas, geothermal,
13 coal, oil shale, tar sands, or other mineral lease, whether
14 onshore or offshore, if the Secretary finds that such lease
15 qualifies for repurchase and cancellation under the regula-
16 tions authorized by this section.

17 (b) **REGULATIONS.**—Not later than 365 days after
18 the date of the enactment of this Act, the Secretary shall
19 publish a final regulation stating the conditions under
20 which a lease referred to in subsection (a) would qualify
21 for repurchase and cancellation, and the process to be fol-
22 lowed regarding repurchase and cancellation. Such regula-
23 tion shall include, but not be limited to, the following:



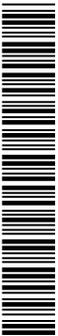
1 (1) The Secretary shall repurchase and cancel
2 a lease after written request by the lessee upon a
3 finding by the Secretary that—

4 (A) a request by the lessee for a required
5 permit or other approval complied with applica-
6 ble law, except the Coastal Zone Management
7 Act of 1972 (16 U.S.C. 1451 et seq.), and
8 terms of the lease and such permit or other ap-
9 proval was denied;

10 (B) a Federal agency failed to act on a re-
11 quest by the lessee for a required permit, other
12 approval, or administrative appeal within a reg-
13 ulatory or statutory time-frame associated with
14 the requested action, whether advisory or man-
15 datory, or if none, within 180 days; or

16 (C) a Federal agency attached a condition
17 of approval, without agreement by the lessee, to
18 a required permit or other approval if such con-
19 dition of approval was not mandated by Federal
20 statute or regulation in effect on the date of
21 lease issuance, or was not specifically allowed
22 under the terms of the lease.

23 (2) A lessee shall not be required to exhaust ad-
24 ministrative remedies regarding a permit request,



1 administrative appeal, or other required request for
2 approval for the purposes of this section.

3 (3) The Secretary shall make a final agency de-
4 cision on a request by a lessee under this section
5 within 180 days of request.

6 (4) Compensation to a lessee to repurchase and
7 cancel a lease under this section shall be the amount
8 that a lessee would receive in a restitution case for
9 a material breach of contract.

10 (5) Compensation shall be in the form of a
11 check or electronic transfer from the Department of
12 the Treasury from funds deposited into miscella-
13 neous receipts under the authority of the same Act
14 that authorized the issuance of the lease being re-
15 purchased.

16 (6) Failure of the Secretary to make a final
17 agency decision on a request by a lessee under this
18 section within 180 days of request shall result in a
19 10 percent increase in the compensation due to the
20 lessee if the lease is ultimately repurchased.

21 (c) NO PREJUDICE.—This section shall not be inter-
22 preted to prejudice any other rights that the lessee would
23 have in the absence of this section.



1 **SEC. 18. OFFSITE ENVIRONMENTAL MITIGATION.**

2 Notwithstanding any other provision of law, any per-
3 son conducting activities under the Mineral Leasing Act
4 (30 U.S.C. 181 et seq.), the Geothermal Steam Act (30
5 U.S.C. 1001 et seq.), the Mineral Leasing Act for Ac-
6 quired Lands (30 U.S.C. 351 et seq.), the Weeks Act (16
7 U.S.C. 552 et seq.), the General Mining Act of 1872 (30
8 U.S.C. 22 et seq.), the Materials Act of 1947 (30 U.S.C.
9 601 et seq.), or the Outer Continental Shelf Lands Act
10 (43 U.S.C. 1331 et seq.), may in satisfying any mitigation
11 requirements associated with such activities propose miti-
12 gation measures on a site away from the area impacted
13 and the Secretary of the Interior shall accept these pro-
14 posed measures if the Secretary finds that they generally
15 achieve the purposes for which mitigation measures apper-
16 tained.

17 **SEC. 19. AMENDMENTS TO THE MINERAL LEASING ACT.**

18 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
19 226(g)) is amended to read as follows:

20 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
21 TIES.—

22 “(1) REGULATION OF SURFACE-DISTURBING
23 ACTIVITIES.—The Secretary of the Interior, or for
24 National Forest lands, the Secretary of Agriculture,
25 shall regulate all surface-disturbing activities con-
26 ducted pursuant to any lease issued under this Act,



1 and shall determine reclamation and other actions as
2 required in the interest of conservation of surface re-
3 sources.

4 “(2) SUBMISSION OF EXPLORATION PLAN; COM-
5 PLETION REVIEW; COMPLIANCE REVIEW.—

6 “(A) Prior to beginning oil and gas explo-
7 ration activities, a lessee shall submit an explo-
8 ration plan to the Secretary of the Interior for
9 review.

10 “(B) The Secretary shall review the plan
11 for completeness within 10 days of submission.

12 “(C) In the event the exploration plan is
13 determined to be incomplete, the Secretary shall
14 notify the lessee in writing and specify the
15 items or information needed to complete the ex-
16 ploration plan.

17 “(D) The Secretary shall have 10 days to
18 review any modified exploration plan submitted
19 by the lessee.

20 “(E) To be deemed complete, an explo-
21 ration plan shall include, in the degree of detail
22 to be determined by the Secretary by rule or
23 regulation—

24 “(i) a drilling plan containing a de-
25 scription of the drilling program;



1 “(ii) the surface and projected com-
2 pletion zone location;

3 “(iii) pertinent geologic data;

4 “(iv) expected hazards, and proposed
5 mitigation measures to address such haz-
6 ards;

7 “(v) a schedule of anticipated explo-
8 ration activities to be undertaken;

9 “(vi) a description of equipment to be
10 used for such activities;

11 “(vii) a certification from the lessee
12 stating that the exploration plan complies
13 with all lease, regulatory and statutory re-
14 quirements in effect on the date of the
15 issuance of the lease and any regulations
16 promulgated after the date of lease
17 issuance related to the conservation of re-
18 sources;

19 “(viii) evidence that the lessee has se-
20 cured an adequate bond, surety, or other
21 financial arrangement prior to commence-
22 ment of any surface disturbing activity;

23 “(ix) a plan that details the complete
24 and timely reclamation of the lease tract;
25 and



1 “(x) such other relevant information
2 as the Secretary may by regulation require.

3 “(F) Upon a determination that the explo-
4 ration plan is complete, the Secretary shall have
5 30 days from the date the plan is deemed com-
6 plete to conduct a review of the plan.

7 “(G) If the Secretary finds the exploration
8 plan is not consistent with all statutory and
9 regulatory requirements described in subpara-
10 graph (E)(vii), the Secretary shall notify the
11 lessee with a detailed explanation of such modi-
12 fications of the exploration plan as are nec-
13 essary to achieve compliance.

14 “(H) The lessee shall not take any action
15 under the exploration plan within a 30 day re-
16 view period, or thereafter until the plan has
17 been modified to achieve compliance as so noti-
18 fied.

19 “(I) After review by the Secretary provided
20 by this subsection, a lessee may operate pursu-
21 ant to the plan without further review or ap-
22 proval by the Secretary.

23 “(3) PLAN REVISIONS; CONDUCT OF EXPLO-
24 RATION ACTIVITIES.—



1 “(A) If a significant revision of an explo-
2 ration plan under this subsection is submitted
3 to the Secretary, the process to be used for the
4 review of such revision shall be the same as set
5 forth in paragraph (1) of this subsection.

6 “(B) All exploration activities pursuant to
7 any lease shall be conducted in accordance with
8 an exploration plan that has been submitted to
9 and reviewed by the Secretary or a revision of
10 such plan.

11 “(4) SUBMISSION OF DEVELOPMENT AND PRO-
12 DUCATION PLAN; COMPLETENESS REVIEW; COMPLI-
13 ANCE REVIEW.—

14 “(A) Prior to beginning oil and gas devel-
15 opment and production activities, a lessee shall
16 submit a development and exploration plan to
17 the Secretary of the Interior. Upon submission,
18 such plans shall be subject to a review for com-
19 pleteness.

20 “(B) The Secretary shall review the plan
21 for completeness within 30 days of submission.

22 “(C) In the event a development and pro-
23 duction plan is determined to be incomplete, the
24 Secretary shall notify the lessee in writing and



1 specify the items or information needed to com-
2 plete the plan.

3 “(D) The Secretary shall have 30 days to
4 review for completeness any modified develop-
5 ment and production plan submitted by the les-
6 see.

7 “(E) To be deemed complete, a develop-
8 ment and production plan shall include, in the
9 degree of detail to be determined by the Sec-
10 retary by rule or regulation—

11 “(i) a drilling plan containing a de-
12 scription of the drilling program;

13 “(ii) the surface and projected com-
14 pletion zone location;

15 “(iii) pertinent geologic data;

16 “(iv) expected hazards, and proposed
17 mitigation measures to address such haz-
18 ards;

19 “(v) a statement describing all facili-
20 ties and operations proposed by the lessee
21 and known by the lessee (whether or not
22 owned or operated by such lessee) that
23 shall be constructed or utilized in the de-
24 velopment and production of oil or gas
25 from the leases areas, including the loca-



1 tion and site of such facilities and oper-
2 ations, the land, labor, material, and en-
3 ergy requirements associated with such fa-
4 cilities and operations;

5 “vi) the general work to be per-
6 formed;

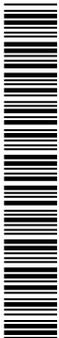
7 “vii) the environmental safeguards to
8 be implemented in connection with the de-
9 velopment and production and how such
10 safeguards are to be implemented;

11 “viii) all safety standards to be met
12 and how such standards are to be met;

13 “ix) an expected rate of development
14 and production and a time schedule for
15 performance;

16 “x) a certification from the lessee
17 stating that the development and produc-
18 tion plan complies with all lease, regu-
19 latory, and statutory requirements in effect
20 on the date of issuance of the lease, and
21 any regulations promulgated after the date
22 of lease issuance related to the conserva-
23 tion of resources;

24 “xi) evidence that the lessee has se-
25 cured an adequate bond, surety, or other



1 financial arrangement prior to commence-
2 ment of any surface disturbing activity;

3 “(xii) a plan that details the complete
4 and timely reclamation of the lease tract;
5 and

6 “(xiii) such other relevant information
7 as the Secretary may by regulation require.

8 “(F) Upon a determination that the devel-
9 opment and production plan is complete, the
10 Secretary shall have 120 days from the date the
11 plan is deemed complete to conduct a review of
12 the plan.

13 “(G) If the Secretary finds the develop-
14 ment and production plan is not consistent with
15 all statutory and regulatory requirements de-
16 scribed in subparagraph (E)(x), the Secretary
17 shall notify the lessee with a detailed expla-
18 nation of such modifications of the development
19 and production plan as are necessary to achieve
20 compliance.

21 “(H) The lessee shall not take any action
22 under the development and production plan
23 within a 120 day review period, or thereafter
24 until the plan has been modified to achieve
25 compliance as so notified.

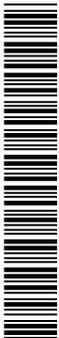


1 “(5) PLAN REVISIONS; CONDUCT OF DEVELOP-
2 MENT AND PRODUCTION ACTIVITIES.—

3 “(A) If a significant revision of a develop-
4 ment and production plan under this subsection
5 is submitted to the Secretary, the process to be
6 used for the review of such revision shall be the
7 same as set forth in paragraph (4) of this sub-
8 section.

9 “(B) All development and production ac-
10 tivities pursuant to any lease shall be conducted
11 in accordance with a development and produc-
12 tion plan that has been submitted to and re-
13 viewed by the Secretary or a revision of such
14 plan.

15 “(6) CANCELLATION OF LEASE ON FAILURE TO
16 SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—
17 Whenever the owner of any lease fails to submit a
18 plan in accordance with regulations issued under
19 this section, or fails to comply with a plan, the lease
20 may be canceled in accordance with section 31. Ter-
21 mination of a lease because of failure to comply with
22 a plan, including required modifications or revisions,
23 shall not entitle a lessee to any compensation.”.



1 **SEC. 20. MINERALS MANAGEMENT SERVICE.**

2 The bureau known as the “Minerals Management
3 Service” in the Department of the Interior shall be known
4 as the “National Ocean Resources and Royalty Service”.

5 **SEC. 21. AUTHORITY TO USE DECOMMISSIONED OFFSHORE
6 OIL AND GAS PLATFORMS AND OTHER FA-
7 CILITIES FOR ARTIFICIAL REEF, SCIENTIFIC
8 RESEARCH, OR OTHER USES.**

9 (a) **SHORT TITLE.**—This section may be cited as the
10 “Rigs to Reefs Act of 2006”.

11 (b) **IN GENERAL.**—The Outer Continental Shelf
12 Lands Act (43 U.S.C. 1301 et seq.) is amended by insert-
13 ing after section 9 the following:

14 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND
15 GAS PLATFORMS AND OTHER FACILITIES
16 FOR ARTIFICIAL REEF, SCIENTIFIC RE-
17 SEARCH, OR OTHER USES.**

18 “(a) **IN GENERAL.**—The Secretary shall issue regula-
19 tions under which the Secretary may authorize use of an
20 offshore oil and gas platform or other facility that is de-
21 commissioned from service for oil and gas purposes for
22 an artificial reef, scientific research, or any other use au-
23 thorized under section 8(p) or any other applicable Fed-
24 eral law.

25 “(b) **TRANSFER REQUIREMENTS.**—The Secretary
26 shall not allow the transfer of a decommissioned offshore



1 oil and gas platform or other facility to another person
2 unless the Secretary is satisfied that the transferee is suf-
3 ficiently bonded, endowed, or otherwise financially able to
4 fulfill its obligations, including but not limited to—

5 “(1) ongoing maintenance of the platform or
6 other facility;

7 “(2) any liability obligations that might arise;

8 “(3) removal of the platform or other facility if
9 determined necessary by the Secretary; and

10 “(4) any other requirements and obligations
11 that the Secretary may deem appropriate by regula-
12 tion.

13 “(c) PLUGGING AND ABANDONMENT.—The Sec-
14 retary shall ensure that plugging and abandonment of
15 wells is accomplished at an appropriate time.

16 “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-
17 ULATIONS.—An Adjacent State acting through a resolu-
18 tion of its legislature, with concurrence of its Governor,
19 may preliminarily petition to opt-out of the application of
20 regulations promulgated under this section to platforms
21 and other facilities located in the area of its Adjacent Zone
22 within 12 miles of the coastline. Upon receipt of the pre-
23 liminary petition, the Secretary shall complete an environ-
24 mental assessment that documents the anticipated envi-
25 ronmental effects of approving the petition. The Secretary



1 shall provide the environmental assessment to the State,
2 which then has the choice of no action or confirming its
3 petition by further action of its legislature, with the con-
4 currence of its Governor. The Secretary is authorized to
5 except such area from the application of such regulations,
6 and shall approve any confirmed petition.

7 “(e) LIMITATION ON LIABILITY.—A person that had
8 used an offshore oil and gas platform or other facility for
9 oil and gas purposes and that no longer has any ownership
10 or control of the platform or other facility shall not be
11 liable under Federal law for any costs or damages arising
12 from such platform or other facility after the date the plat-
13 form or other facility is used for any purpose under sub-
14 section (a), unless such costs or damages arise from—

15 “(1) use of the platform or other facility by the
16 person for development or production of oil or gas;
17 or

18 “(2) another act or omission of the person.

19 “(f) OTHER LEASING AND USE NOT AFFECTED.—
20 This section, and the use of any offshore oil and gas plat-
21 form or other facility for any purpose under subsection
22 (a), shall not affect—

23 “(1) the authority of the Secretary to lease any
24 area under this Act; or



1 “(2) any activity otherwise authorized under
2 this Act.”.

3 (c) DEADLINE FOR REGULATIONS.—The Secretary of
4 the Interior shall issue regulations under subsection (b)
5 by not later than 180 days after the date of the enactment
6 of this Act.

7 (d) STUDY AND REPORT ON EFFECTS OF REMOVAL
8 OF PLATFORMS.—Not later than one year after the date
9 of enactment of this Act, the Secretary of the Interior,
10 in consultation with other Federal agencies as the Sec-
11 retary deems advisable, shall study and report to the Con-
12 gress regarding how the removal of offshore oil and gas
13 platforms and other facilities from the outer Continental
14 Shelf would affect existing fish stocks and coral popu-
15 lations.

16 **SEC. 22. REPEAL OF REQUIREMENT TO CONDUCT COM-**
17 **PREHENSIVE INVENTORY OF OCS OIL AND**
18 **NATURAL GAS RESOURCES.**

19 The Energy Policy Act of 2005 (Public Law 109–
20 58) is amended—

21 (1) by repealing section 357 (119 Stat. 720; 42
22 U.S.C. 15912); and

23 (2) in the table of contents in section 1(b), by
24 striking the item relating to such section 357.



1 **SEC. 23. MINING AND PETROLEUM SCHOOLS.**

2 (a) FEDERAL ENERGY AND MINERAL RESOURCES
3 PROFESSIONAL DEVELOPMENT FUND.—

4 (1) PROFESSIONAL DEVELOPMENT FUND.—

5 There is established in the Treasury a separate ac-
6 count to be known as the “Federal Energy And
7 Mineral Resources Professional Development Fund”
8 (in this section referred to as the “Professional De-
9 velopment Fund”).

10 (2) FUNDING.—The Secretary of the Treasury
11 shall deposit in the Professional Development
12 Fund—

13 (A) such sums as are provided by sections
14 9(b)(5)(A)(iii), 9(b)(5)(B)(iii), 9(c)(4)(A)(iii),
15 and 9(c)(4)(B)(iii) of the Outer Continental
16 Shelf Lands Act, as amended by this Act;

17 (B)(i) during the period of October 1,
18 2006, through September 30, 2015, one percent
19 of all sums paid into the Treasury under sec-
20 tion 35 of the Mineral Leasing Act (30 U.S.C.
21 191), and

22 (ii) beginning October 1, 2015, and there-
23 after, 2.5 percent of all sums paid into the
24 Treasury under section 35 of the Mineral Leas-
25 ing Act (30 U.S.C. 191);



1 (C)(i) during the period of October 1,
2 2006, through September 30, 2015, one percent
3 of all sums paid into the Treasury from receipts
4 derived from bonus bids and royalties from
5 other mineral leasing on public lands, and

6 (ii) beginning October 1, 2015, and there-
7 after, 2.5 percent of all sums paid into the
8 Treasury from receipts derived from bonus bids
9 and royalties from other mineral leasing on
10 public lands;

11 (D) donations received under paragraph
12 (4);

13 (E) amounts referred to in section 2325 of
14 the Revised Statutes; and

15 (F) funds received under section 10 of the
16 Energy and Mineral Schools Reinvestment Act,
17 as amended by this Act.

18 (3) INVESTMENTS.—The Secretary of the
19 Treasury shall invest the amounts deposited under
20 paragraph (2) and all accrued interest on the
21 amounts deposited under paragraph (2) only in in-
22 terest bearing obligations of the United States or in
23 obligations guaranteed as to both principal and in-
24 terest by the United States.



1 (4) DONATIONS.—The Secretary of the Interior
2 may solicit and accept donations of funds for deposit
3 into the Professional Development Fund.

4 (5) AVAILABILITY TO SECRETARY OF THE IN-
5 TERIOR.—

6 (A) IN GENERAL.—Beginning with fiscal
7 year 2007, and in each fiscal year thereafter,
8 the amounts deposited into the Professional De-
9 velopment Fund, together with the interest
10 thereon, shall be available, without fiscal year
11 limitations, to the Secretary of the Interior for
12 use to carry out the Energy and Mineral
13 Schools Reinvestment Act.

14 (B) WITHDRAWALS AND TRANSFER OF
15 FUNDS.—The Secretary of the Treasury shall
16 withdraw such amounts from the Professional
17 Development Fund as the Secretary of the Inte-
18 rior may request and transfer such amounts to
19 the Secretary of the Interior to be used, at the
20 discretion of the Secretary to carry out the En-
21 ergy and Mineral Schools Reinvestment Act.

22 (b) MAINTENANCE AND RESTORATION OF EXISTING
23 AND HISTORIC PETROLEUM AND MINING ENGINEERING
24 PROGRAMS.—Public Law 98–409 (30 U.S.C. 1221 et
25 seq.) is amended to read as follows:



1 **“SECTION 1. SHORT TITLE.**

2 “This Act may be cited as the ‘Energy and Mineral
3 Schools Reinvestment Act’.

4 **“SEC. 2. POLICY.**

5 “It is the policy of the United States to maintain the
6 human capital needed to preserve and foster the economic,
7 energy, and mineral resources security of the United
8 States. The petroleum and mining engineering programs
9 and the applied geology and geophysics programs at State
10 chartered schools, universities, and institutions that
11 produce human capital are national assets and should be
12 assisted with Federal funds to ensure their continued
13 health and existence.

14 **“SEC. 3. MAINTAINING AND RESTORING HISTORIC AND EX-**
15 **ISTING PETROLEUM AND MINING ENGINEER-**
16 **ING EDUCATION PROGRAMS.**

17 “(a) Using the funds in the Federal Energy And Min-
18 eral Resources Professional Development Fund, the Sec-
19 retary of the Interior (in this Act referred to as the ‘Sec-
20 retary’) shall provide funds to each historic and existing
21 State-chartered recognized petroleum or mining school to
22 assist such schools, universities, and institutions in main-
23 taining programs in petroleum, mining, and mineral engi-
24 neering education and research. All funds shall be directed
25 only to these programs and shall be subject to the condi-



1 tions of this section. Such funds shall not be less than
2 33 percent of the annual outlay of funds under this Act.

3 “(b) In this Act the term ‘historic and existing State-
4 chartered recognized petroleum or mining school’ means
5 a school, university, or educational institution with the
6 presence of an engineering program meeting the specific
7 program criteria, established by the member societies of
8 ABET, Inc., for petroleum, mining, or mineral engineer-
9 ing and that is accredited on the date of enactment of
10 the Deep Ocean Energy Resources Act of 2006 by ABET,
11 Inc.

12 “(c) It shall be the duty of each school, university,
13 or institution receiving funds under this section to provide
14 for and enhance the training of undergraduate and grad-
15 uate petroleum, mining, and mineral engineers through re-
16 search, investigations, demonstrations, and experiments.
17 All such work shall be carried out in a manner that will
18 enhance undergraduate education.

19 “(d) Each school, university, or institution receiving
20 funds under this Act shall maintain the program for which
21 the funds are provided for 10 years after the date of the
22 first receipt of such funds take steps agreed to by the Sec-
23 retary, to increase the number of undergraduate students
24 enrolled in and completing the programs of study in petro-
25 leum, mining, and mineral engineering.



1 “(e) The research, investigation, demonstration, ex-
2 periment, and training authorized by this section may in-
3 clude development and production of conventional and
4 non-conventional fuel resources, the production of metallic
5 and non-metallic mineral resources including industrial
6 mineral resources, and the production of stone, sand, and
7 gravel. In all cases the work carried out with funds made
8 available under this Act shall include a significant oppor-
9 tunity for participation by undergraduate students.

10 “(f) Research funded by this Act related to energy
11 and mineral resource development and production may in-
12 clude studies of petroleum, mining, and mineral extraction
13 and immediately related beneficiation technology; mineral
14 economics, reclamation technology and practices for active
15 operations, and the development of re-mining systems and
16 technologies to facilitate reclamation that fosters the ulti-
17 mate recovery of resources at abandoned petroleum, min-
18 ing, and aggregate production sites.

19 “(g) Grants for basic science and engineering studies
20 and research shall not require additional participation by
21 funding partners. Grants for studies to demonstrate the
22 proof of concept for science and engineering or the dem-
23 onstration of feasibility and implementation shall include
24 participation by industry and may include funding from
25 other Federal agencies.



1 “(h)(1) No funds made available under this section
2 shall be applied to the acquisition by purchase or lease
3 of any land or interests therein, or the rental, purchase,
4 construction, preservation, or repair of any building.

5 “(2) Funding made available under this section may
6 be used with the express approval of the Secretary for pro-
7 posals that will provide for maintaining or upgrading of
8 existing laboratories and laboratory equipment. Funding
9 for such maintenance shall not be used for university over-
10 head expenses.

11 “(3) Funding made available under this Act may be
12 used for maintaining and upgrading mines and oil and gas
13 drilling rigs owned by a school, university, or institution
14 described in this section that are used for undergraduate
15 and graduate training and worker safety training. All re-
16 quests for funding such mines and oil and gas drilling rigs
17 must demonstrate that they have been owned by the
18 school, university, or institution for 5 years prior to the
19 date of enactment of the Deep Ocean Energy Resources
20 Act of 2006 and have been actively used for instructional
21 or training purposes during that time.

22 “(4) Any funding made available under this section
23 for research, investigation, demonstration, experiment, or
24 training shall not be used for university overhead charges



1 in excess of 10 percent of the amount authorized by the
2 Secretary.

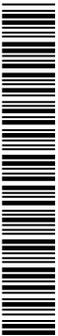
3 **“SEC. 4. FORMER AND NEW PETROLEUM AND MINING ENGI-
4 NEERING PROGRAMS.**

5 “A school, university, or educational institution that
6 formerly met the requirements of section 3(b) immediately
7 before the date of the enactment of the Deep Ocean En-
8 ergy Resources Act of 2006, or that seeks to establish a
9 new program described in section 3(b), shall be eligible
10 for funding under this Act only if it—

11 “(1) establishes a petroleum, mining, or mineral
12 engineering program that meets the specific program
13 criteria and is accredited as such by ABET, Inc.;

14 “(2) agrees to the conditions of subsections (c)
15 through (h) of section 3 and the Secretary, as ad-
16 vised by the Committee established by section 11,
17 determines that the program will strengthen and in-
18 crease the number of nationally available, well-
19 qualified faculty members in petroleum, mining, and
20 mineral engineering; and

21 “(3) agrees to maintain the accredited program
22 for 10 years after the date of the first receipt of
23 funds under this Act.



1 **“SEC. 5. FUNDING OF CONSORTIA OF HISTORIC AND EXIST-**
2 **ING SCHOOLS.**

3 “Where appropriate, the Secretary may make funds
4 available to consortia of schools, universities, or institu-
5 tions described in sections 3, 4, and 6 to meet the nec-
6 essary expenses for purposes of—

7 “(1) specific energy and mineral research
8 projects of broad application that could not other-
9 wise be undertaken, including the expenses of plan-
10 ning and coordinating regional petroleum, mining,
11 and mineral engineering projects by two or more
12 schools; and

13 “(2) research into any aspects of petroleum,
14 mining, or mineral engineering problems, including
15 but not limited to exploration, that are related to the
16 mission of the Department of the Interior and that
17 are considered by the Committee to be desirable.

18 **“SEC. 6. SUPPORT FOR SCHOOLS WITH ENERGY AND MIN-**
19 **ERAL RESOURCE PROGRAMS IN PETROLEUM**
20 **AND MINERAL EXPLORATION GEOLOGY, PE-**
21 **TROLEUM GEOPHYSICS, OR MINING GEO-**
22 **PHYSICS.**

23 “(a) Up to 20 percent of the annual outlay of funds
24 under this Act may be granted to schools, universities, and
25 institutions other than those described in sections 3 and
26 4.



1 “(b) The Secretary, as advised by the Committee es-
2 tablished by section 11, shall determine the eligibility of
3 a college or university to receive funding under this Act
4 using criteria that include—

5 “(1) the presence of a substantial program of
6 undergraduate and graduate geoscience instruction
7 and research in one or more of the following special-
8 ties: petroleum geology, mineral exploration geology,
9 economic geology, industrial minerals geology, min-
10 ing geology, petroleum geophysics, mining geo-
11 physics, geological engineering, or geophysical engi-
12 neering that has a demonstrated history of achieve-
13 ment;

14 “(2) evidence of institutional commitment for
15 the purposes of this Act that includes a significant
16 opportunity for participation by undergraduate stu-
17 dents in research;

18 “(3) evidence that such school, university, or in-
19 stitution has or can obtain significant industrial co-
20 operation in activities within the scope of this Act;

21 “(4) agreement by the school, university, or in-
22 stitution to maintain the programs for which the
23 funding is sought for the 10-year period beginning
24 on the date the school, university, or institution first
25 receives such funds; and



1 “(5) requiring that such funding shall be for
2 the purposes set forth in subsections (c) through (h)
3 of section 3 and subject to the conditions set forth
4 in section 3(h).

5 **“SEC. 7. DESIGNATION OF FUNDS FOR SCHOLARSHIPS AND**
6 **FELLOWSHIPS.**

7 “(a) The Secretary shall utilize not more than 19 per-
8 cent of the annual outlay of funds under this Act for the
9 purpose of providing merit-based scholarships for under-
10 graduate education, graduate fellowships, and
11 postdoctoral fellowships.

12 “(b) In order to receive a scholarship or a graduate
13 fellowship, an individual student must be a lawful perma-
14 nent resident of the United States or a United States cit-
15 izen and must agree in writing to complete a course of
16 studies and receive a degree in petroleum, mining, or min-
17 eral engineering, petroleum geology, mining and economic
18 geology, petroleum and mining geophysics, or mineral eco-
19 nomics.

20 “(c) The regulations required by section 9 shall re-
21 quire that an individual, in order to retain a scholarship
22 or graduate fellowship, must continue in one of the course
23 of studies listed in subsection (b) of this section, must re-
24 main in good academic standing, as determined by the
25 school, institution, or university and must allow for rein-



1 statement of the scholarship or graduate fellowship by the
2 Secretary, upon the recommendation of the school or insti-
3 tution. Such regulations may also provide for recovery of
4 funds from an individual who fails to complete any of the
5 courses of study listed in subsection (b) of this section
6 after notice that such completion is a requirement of re-
7 ceipt funding under this Act.

8 **“SEC. 8. FUNDING CRITERIA FOR INSTITUTIONS.**

9 “(a) Each application for funds under this Act shall
10 state, among other things, the nature of the project to be
11 undertaken; the period during which it will be pursued;
12 the qualifications of the personnel who will direct and con-
13 duct it; the estimated costs; the importance of the project
14 to the Nation, region, or States concerned; its relation to
15 other known research projects theretofore pursued or
16 being pursued; the extent to which the proposed project
17 will maximize the opportunity for the training of under-
18 graduate petroleum, mining, and mineral engineers; and
19 the extent of participation by nongovernmental sources in
20 the project.

21 “(b) No funds shall be made available under this Act
22 except for a project approved by the Secretary. All funds
23 shall be made available upon the basis of merit of the
24 project, the need for the knowledge that it is expected to
25 produce when completed, and the opportunity it provides



1 for the undergraduate training of individuals as petro-
2 leum, mining, and mineral engineers.

3 “(c) Funds available under this Act shall be paid at
4 such times and in such amounts during each fiscal year
5 as determined by the Secretary, and upon vouchers ap-
6 proved by the Secretary. Each school, university, or insti-
7 tution that receives funds under this Act shall—

8 “(1) establish its plan to provide for the train-
9 ing of individuals as petroleum or mineral engineers
10 and scientists under a curriculum appropriate to the
11 field of mineral resources and mineral engineering
12 and related fields;

13 “(2) establish policies and procedures that as-
14 sure that Federal funds made available under this
15 Act for any fiscal year will supplement and, to the
16 extent practicable, increase the level of funds that
17 would, in the absence of such Federal funds, be
18 made available for purposes of this Act, and in no
19 case supplant such funds; and

20 “(3) have an officer appointed by its governing
21 authority who shall receive and account for all funds
22 paid under this Act and shall make an annual report
23 to the Secretary on or before the first day of Sep-
24 tember of each year, on work accomplished and the
25 status of projects underway, together with a detailed



1 statement of the amounts received under this Act
2 during the preceding fiscal year, and of its disburse-
3 ments on schedules prescribed by the Secretary.

4 “(d) If any of the funds received by the authorized
5 receiving officer of a program under this Act are found
6 by the Secretary to have been improperly diminished, lost,
7 or misapplied, such funds shall be recovered by the Sec-
8 retary.

9 “(e) Schools, universities, and institutions receiving
10 funds under this Act are authorized and encouraged to
11 plan and conduct programs under this Act in cooperation
12 with each other and with such other agencies, business en-
13 terprises and individuals.

14 **“SEC. 9. DUTIES OF SECRETARY.**

15 “(a) The Secretary, acting through the Assistant Sec-
16 retary for Land and Minerals Management, shall admin-
17 ister this Act and shall prescribe such rules and regula-
18 tions as may be necessary to carry out its provisions not
19 later than 1 year after the enactment of the Deep Ocean
20 Energy Resources Act of 2006.

21 “(b)(1) There is established in the Department of the
22 Interior, under the supervision of the Assistant Secretary
23 for Land and Minerals Management, an office to be known
24 as the Office of Petroleum and Mining Schools (hereafter
25 in this Act referred to as the ‘Office’) to administer the



1 provisions of this Act. There shall be a Director of the
2 Office who shall be a member of the Senior Executive
3 Service. The position of the Director shall be a career re-
4 served position as defined in section 3132(a)(8) of title
5 5, United States Code.

6 “(2) The Director is authorized to appoint a Deputy
7 Director and to employ such officers and employees as
8 may be necessary to enable the Office to carry out its func-
9 tions, not to exceed fifteen full time equivalents. Such ap-
10 pointments shall be subject to the provisions of title 5,
11 United States Code, governing appointments in the com-
12 petitive service. Such positions shall be paid in accordance
13 with the provisions of chapter 51 and subchapter III of
14 chapter 53 of such title relating to classification and Gen-
15 eral Schedule pay rates.

16 “(3) In carrying out his or her functions, the Director
17 shall assist and advise the Secretary and the Committee
18 established by section 11 of this Act by

19 “(A) providing professional and administrative
20 staff support for the Committee including record-
21 keeping and maintaining minutes of all Committee
22 and subcommittee meetings;

23 “(B) coordinating the activities of the Com-
24 mittee with Federal agencies and departments, and



1 the schools, universities, and institutions to which
2 funds are provided under this Act;

3 “(C) maintaining accurate records of funds dis-
4 bursed for all scholarships, fellowships, research
5 grants, and grants for career technical education
6 purposes;

7 “(C) preparing any regulations required to im-
8 plement this Act;

9 “(D) conducting site visits at schools, univer-
10 sities, and institutions receiving funding under this
11 Act; and

12 “(E) serving as a central repository for reports
13 and clearing house for public information on re-
14 search funded by this Act.

15 “(4) The Director or an employee of the Office shall
16 be present at each meeting of the Committee established
17 by section 11 or a subcommittee of such Committee.

18 “(5) The Director is authorized to contract with pub-
19 lic or private agencies, institutions, and organizations and
20 with individuals without regard to section 3324(a) and (b)
21 of title 31, United States Code, and section 5 of title 41,
22 United States Code, in carrying out his or her functions.

23 “(6) As needed the Director shall ascertain whether
24 the requirements of this Act have been met by schools,
25 universities, institutions, and individuals, including the



1 payment of any revenues derived from patents into the
2 fund created by section 23(a) of this Act as required by
3 section 10(d).

4 “(c) The Secretary, acting through the Office of Pe-
5 troleum and Mining Schools, shall furnish such advice and
6 assistance as will best promote the purposes of this Act,
7 shall participate in coordinating research, investigations,
8 demonstrations, and experiments initiated under this Act,
9 shall indicate to schools, universities, and institutions re-
10 ceiving funds under this Act such lines of inquiry that
11 seem most important, and shall encourage and assist in
12 the establishment and maintenance of cooperation between
13 such schools, universities, and institutions, other research
14 organizations, the Department of the Interior, and other
15 Federal agencies.

16 “(d) The Secretary shall establish procedures

17 “(1) to ensure that each employee and con-
18 tractor of the Office established by this section and
19 each member of the committee established by section
20 11 of this Act shall disclose to the Secretary any fi-
21 nancial interests in or financial relationships with
22 schools, universities, institutions or individuals re-
23 ceiving funds, scholarships or fellowships under this
24 Act;



1 “(2) to require any employee, contractor, or
2 member of the committee with a financial relation-
3 ship disclosed under paragraph (1) to recuse them-
4 selves from—

5 “(A) any recommendation or decision re-
6 garding the awarding of funds, scholarships or
7 fellowships; or

8 “(B) any review, report, analysis or inves-
9 tigation regarding compliance with the provi-
10 sions of this Act by a school, university, institu-
11 tion or any individual.

12 “(e) The Secretary shall establish procedures—

13 “(1) to ensure that each employee and con-
14 tractor of the office established by this section and
15 each member of the Committee established by sec-
16 tion 11 shall disclose to the Secretary any financial
17 interests in or financial relationships with schools,
18 universities, institutions, or individuals receiving
19 funds, scholarships, or fellowships under this Act;

20 “(2) to require any employee, contractor, or
21 member of the Committee established by section 11
22 with a financial relationship disclosed under para-
23 graph (1) to recuse themselves from—



1 “(A) any recommendation or decision re-
2 garding the awarding of funds, scholarships, or
3 fellowships; and

4 “(B) any review, report, analysis, or inves-
5 tigation regarding compliance with the provi-
6 sions of this Act by a school, university, institu-
7 tion, or any individual.

8 “(f) On or before the first day of July of each year
9 beginning after the date of enactment of this sentence,
10 schools, universities, and institutions receiving funds
11 under this Act shall certify compliance with this Act and
12 upon request of the Director of the office established by
13 this section provide documentation of such compliance.

14 “(g) An individual granted a scholarship or fellowship
15 with funds provided under this Act shall through their re-
16 spective school, university, or institution, advise the Direc-
17 tor of the office established by this Act of progress towards
18 completion of the course of studies and upon the awarding
19 of the degree within 30 days after the award.

20 “(h) The regulations required by this section shall in-
21 clude a preference for veterans and service members who
22 have received or will receive either the Afghanistan Cam-
23 paign Medal or the Iraq Campaign Medal as authorized
24 by Public Law 108–234, and Executive Order 13363.



1 **“SEC. 10. COORDINATION.**

2 “(a) Nothing in this Act shall be construed to impair
3 or modify the legal relationship existing between any of
4 the schools, universities, and institutions under whose di-
5 rection a program is established with funds provided under
6 this Act and the government of the State in which it is
7 located. Nothing in this Act shall in any way be construed
8 to authorize Federal control or direction of education at
9 any school, university, or institution.

10 “(b) The programs authorized by this Act are in-
11 tended to enhance the Nation’s petroleum, mining, and
12 mineral engineering education programs and to enhance
13 educational programs in petroleum and mining exploration
14 and to increase the number of individuals enrolled in and
15 completing these programs. To achieve this intent, the
16 Secretary and the Committee established by section 11
17 shall receive the continuing advice and cooperation of all
18 agencies of the Federal Government concerned with the
19 identification, exploration, and development of energy and
20 mineral resources.

21 “(c) Nothing in this Act is intended to give or shall
22 be construed as giving the Secretary any authority over
23 mining and mineral resources research conducted by any
24 agency of the Federal Government, or as repealing or di-
25 minishing existing authorities or responsibilities of any
26 agency of the Federal Government to plan and conduct,



1 contract for, or assist in research in its area of responsi-
2 bility and concern with regard to mining and mineral re-
3 sources.

4 “(d) The schools, universities, and institutions receiv-
5 ing funding under this Act shall make detailed reports to
6 the Office of Petroleum and Mining Schools on projects
7 completed, in progress, or planned with funds provided
8 under this Act. All such reports shall available to the pub-
9 lic on not less than an annual basis through the Office
10 of Petroleum and Mining Schools. All uses, products, proc-
11 esses, patents, and other developments resulting from any
12 research, demonstration, or experiment funded in whole
13 or in part under this Act shall be made available promptly
14 to the general public, subject to exception or limitation,
15 if any, as the Secretary may find necessary in the interest
16 of national security. Schools, universities, and institutions
17 receiving patents for inventions funded in whole or in part
18 under this Act shall be governed by the applicable Federal
19 law, except that one percent of gross annual revenues due
20 to the holders of the patents that are derived from such
21 patents shall be paid by the holders of the patents to the
22 Federal Energy and Mineral Resources Professional De-
23 velopment Fund established by section 23(a) of the Deep
24 Ocean Energy Resources Act of 2006.



1 **“SEC. 11. COMMITTEE ON PETROLEUM, MINING, AND MIN-**
2 **ERAL ENGINEERING AND ENERGY AND MIN-**
3 **ERAL RESOURCE EDUCATION.**

4 “(a) The Secretary shall appoint a Committee on Pe-
5 troleum, Mining, and Mineral Engineering and Energy
6 and Mineral Resource Education composed of—

7 “(1) the Assistant Secretary of the Interior re-
8 sponsible for land and minerals management and
9 not more than 16 other persons who are knowledge-
10 able in the fields of mining and mineral resources re-
11 search, including 2 university administrators one of
12 whom shall be from historic and existing petroleum
13 and mining schools; a community, technical, or tribal
14 college administrator; a career technical education
15 educator; 6 representatives equally distributed from
16 the petroleum, mining, and aggregate industries; a
17 working miner; a working oilfield worker; a rep-
18 resentative of the Interstate Oil and Gas Compact
19 Commission; a representative from the Interstate
20 Mining Compact Commission; a representative from
21 the Western Governors Association; a representative
22 of the State geologists, and a representative of a
23 State mining and reclamation agency. In making
24 these 16 appointments, the Secretary shall consult
25 with interested groups.



1 “(2) The Assistant Secretary for Land and
2 Minerals Management, in the capacity of the Chair-
3 man of the Committee, may have present during
4 meetings of the Committee representatives of Fed-
5 eral agencies with responsibility for energy and min-
6 erals resources management, energy and mineral re-
7 source investigations, energy and mineral commodity
8 information, international trade in energy and min-
9 eral commodities, mining safety regulation and mine
10 safety research, and research into the development,
11 production, and utilization of energy and mineral
12 commodities. These representatives shall serve as
13 technical advisors to the committee and shall have
14 no voting responsibilities.

15 “(b) The Committee shall consult with, and make rec-
16 ommendations to, the Secretary on all matters relating to
17 funding energy and mineral resources research, the award-
18 ing of scholarships and fellowships and allocation of fund-
19 ing made under this Act. The Secretary shall consult with
20 and carefully consider recommendations of the Committee
21 in such matters.

22 “(c) Committee members, other than officers or em-
23 ployees of Federal, State, or local governments, shall be,
24 for each day (including traveltime) during which they are
25 performing Committee business, paid at a rate fixed by



1 the Secretary but not in excess of the daily equivalent of
2 the maximum rate of pay for level IV of the Executive
3 Schedule under section 5136 of title 5, United States
4 Code, and shall be fully reimbursed for travel, subsistence,
5 and related expenses.

6 “(d) The Committee shall be chaired by the Assistant
7 Secretary of the Interior responsible for land and minerals
8 management. There shall also be elected a Vice Chairman
9 by the Committee from among the members referred to
10 in this section. The Vice Chairman shall perform such du-
11 ties as are determined to be appropriate by the committee,
12 except that the Chairman of the Committee must person-
13 ally preside at all meetings of the full Committee. The
14 Committee may organize itself into such subcommittees as
15 the Committee may deem appropriate.

16 “(e) Following completion of the report required by
17 section 385 of the Energy Policy Act of 2005, the Com-
18 mittee shall consider the recommendations of the report,
19 ongoing efforts in the schools, universities, and institu-
20 tions receiving funding under this Act, the Federal and
21 State Governments, and the private sector, and shall for-
22 mulate and recommend to the Secretary a national plan
23 for a program utilizing the fiscal resources provided under
24 this Act. The Committee shall submit such plan to the
25 Secretary for approval. Upon approval, the plan shall



1 guide the Secretary and the Committee in their actions
2 under this Act.

3 “(f) Section 10 of the Federal Advisory Committee
4 Act (5 U.S.C. App. 2) shall not apply to the Committee.

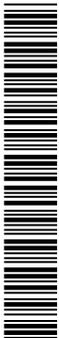
5 **“SEC. 12. CAREER TECHNICAL EDUCATION.**

6 “(a) Up to 25 percent of the annual outlay of funds
7 under this Act may be granted to schools or institutions
8 including, but not limited to, colleges, universities, commu-
9 nity colleges, tribal colleges, technical institutes, and sec-
10 ondary schools, other than those described in sections 3,
11 4, 5, and 6.

12 “(b) The Secretary, as advised by the Committee es-
13 tablished under section 11, shall determine the eligibility
14 of a school or institution to receive funding under this sec-
15 tion using criteria that include—

16 “(1) the presence of a State-approved program
17 in mining engineering technology, petroleum engi-
18 neering technology, industrial engineering tech-
19 nology, or industrial technology that—

20 “(A) is focused on technology and its use
21 in production, maintenance, operational safety,
22 or energy infrastructure protection and secu-
23 rity;



1 “(B) prepares students for advanced or su-
2 pervisory roles in the mining industry or the pe-
3 troleum industry; and

4 “(C) grants either an associate’s degree or
5 a baccalaureate degree in one of the subjects
6 listed in subparagraph (A);

7 “(2) the presence of a program, including a sec-
8 ondary school vocational education program or ca-
9 reer academy, that provides training for individuals
10 entering the petroleum, coal mining, or mineral min-
11 ing industries; or

12 “(3) the presence of a State-approved program
13 of career technical education at a secondary school,
14 offered cooperatively with a community college in
15 one of the industrial sectors of—

16 “(A) agriculture, forestry, or fisheries;

17 “(B) utilities;

18 “(C) construction;

19 “(D) manufacturing; and

20 “(E) transportation and warehousing.

21 “(c) Schools or institutions receiving funds under this
22 section must show evidence of an institutional commit-
23 ment for the purposes of career technical education and
24 provide evidence that the school or institution has received
25 or will receive industry cooperation in the form of equip-



1 ment, employee time, or donations of funds to support the
2 activities that are within the scope of this section.

3 “(d) Schools or institutions receiving funds under
4 this section must agree to maintain the programs for
5 which the funding is sought for a period of 10 years begin-
6 ning on the date the school or institution receives such
7 funds, unless the Secretary finds that a shorter period of
8 time is appropriate for the local labor market or is re-
9 quired by State authorities.

10 “(e) Schools or institutions receiving funds under this
11 section may combine these funds with State funds, and
12 other Federal funds where allowed by law, to carry out
13 programs described in this section, however the use of the
14 funds received under this section must be reported to the
15 Secretary not less than annually.

16 **“SEC. 13. DEPARTMENT OF THE INTERIOR WORKFORCE EN-**
17 **HANCEMENT.**

18 “(a) PHYSICAL SCIENCE, ENGINEERING AND TECH-
19 NOLOGY SCHOLARSHIP PROGRAM.—

20 “(1) From the funds made available to carry
21 out this section, the Secretary shall use 30 percent
22 of that amount to provide financial assistance for
23 education in physical sciences, engineering, and engi-
24 neering or industrial technology and disciplines that,
25 as determined by the Secretary, are critical to the



1 functions of the Department of the Interior and are
2 needed in the Department of the Interior workforce.

3 “(2) The Secretary of the Interior may award
4 a scholarship in accordance with this section to a
5 person who—

6 “(A) is a citizen of the United States;

7 “(B) is pursuing an undergraduate or ad-
8 vanced degree in a critical skill or discipline de-
9 scribed in paragraph (1) at an institution of
10 higher education; and

11 “(C) enters into a service agreement with
12 the Secretary of Interior as described in sub-
13 section (e).

14 “(3) The amount of the financial assistance
15 provided under a scholarship awarded to a person
16 under this subsection shall be the amount deter-
17 mined by the Secretary of the Interior as being nec-
18 essary to pay all educational expenses incurred by
19 that person, including tuition, fees, cost of books,
20 laboratory expenses, and expenses of room and
21 board. The expenses paid, however, shall be limited
22 to those educational expenses normally incurred by
23 students at the institution of higher education in-
24 volved.



1 “(b) SCHOLARSHIP PROGRAM FOR STUDENTS AT-
2 TENDING MINORITY SERVING HIGHER EDUCATION INSTI-
3 TUTIONS.—

4 “(1) From the funds made available to carry
5 out this section, the Secretary shall use 25 percent
6 of that amount to award scholarships in accordance
7 with this section to persons who—

8 “(A) are enrolled in a Minority Serving
9 Higher Education Institutions.

10 “(B) are citizens of the United States;

11 “(C) are pursuing an undergraduate or ad-
12 vanced degree in agriculture, engineering, engi-
13 neering or industrial technology, or physical
14 sciences, or other discipline that is found by the
15 Secretary to be critical to the functions of the
16 Department of the Interior and are needed in
17 the Department of the Interior workforce; and

18 “(D) enter into a service agreement with
19 the Secretary of Interior as described in sub-
20 section (e).

21 “(2) The amount of the financial assistance
22 provided under a scholarship awarded to a person
23 under this subsection shall be the amount deter-
24 mined by the Secretary of the Interior as being nec-
25 essary to pay all educational expenses incurred by



1 that person, including tuition, fees, cost of books,
2 laboratory expenses, and expenses of room and
3 board. The expenses paid, however, shall be limited
4 to those educational expenses normally incurred by
5 students at the institution of higher education in-
6 volved.

7 “(c) EDUCATION PARTNERSHIPS WITH MINORITY
8 SERVING HIGHER EDUCATION INSTITUTIONS.—

9 “(1) The Secretary shall require the director of
10 each Bureau and Office, to foster the participation
11 of Minority Serving Higher Education Institutions
12 in any regulatory activity, land management activity,
13 science activity, engineering or industrial technology
14 activity, or engineering activity carried out by the
15 Department of the Interior.

16 “(2) From the funds made available to carry
17 out this section, the Secretary shall use 25 percent
18 of that amount to support activities at Minority
19 Serving Higher Education Institutions by—

20 “(A) funding faculty and students in these
21 institutions in collaborative research projects
22 that are directly related to the Departmental or
23 Bureau missions;

24 “(B) allowing equipment transfer to Mi-
25 nority Serving Higher Education Institutions as



1 a part of a collaborative research program di-
2 rectly related to a Departmental or Bureau mis-
3 sion;

4 “(C) allowing faculty and students at these
5 Minority Serving Higher Education Institutions
6 to participate Departmental and Bureau train-
7 ing activities;

8 “(D) funding paid internships in Depart-
9 mental and Bureau facilities for students at Mi-
10 nority Serving Higher Education Institutions;

11 “(E) assigning Departmental and Bureau
12 personnel to positions located at Minority Serv-
13 ing Higher Educational Institutions to serve as
14 mentors to students interested in a science,
15 technology or engineering disciplines related to
16 the mission of the Department or the Bureaus.

17 “(d) KINDERGARTEN THROUGH GRADE TWELVE
18 SCIENCE EDUCATION ENHANCEMENT PROGRAM.—

19 “(1) From the funds made available to carry
20 out this section, the Secretary shall use 20 percent
21 of that amount to support activities designed to en-
22 hance the knowledge and expertise of teachers of
23 basic sciences, mathematics, engineering and tech-
24 nology in Kindergarten through Grade Twelve pro-
25 grams.



1 “(2) The Secretary is authorized to—

2 “(A) support competitive events for stu-
3 dents under the supervision of teachers that are
4 designed to encourage student interest and
5 knowledge in science, engineering, technology
6 and mathematics;

7 “(B) support competitively-awarded, peer-
8 reviewed programs to promote professional de-
9 velopment for mathematics, science, engineering
10 and technology teachers who teach in grades
11 from kindergarten through grade 12;

12 “(C) support summer internships at De-
13 partment facilities, for mathematics, science,
14 engineering and technology teachers who teach
15 in grades from kindergarten through grade 12;
16 and

17 “(D) sponsor and assist in sponsoring edu-
18 cational and teacher training activities in sub-
19 ject areas identified as critical skills.

20 “(e) SERVICE AGREEMENT FOR RECIPIENTS OF AS-
21 SISTANCE.—

22 “(1) To receive financial assistance under sub-
23 section (a) and subsection (b) of this section—

24 “(A) in the case of an employee of the De-
25 partment of the Interior, the employee shall



1 enter into a written agreement to continue in
2 the employment of the department for the pe-
3 riod of obligated service determined under para-
4 graph (2); and

5 “(B) in the case of a person not an em-
6 ployee of the Department of the Interior, the
7 person shall enter into a written agreement to
8 accept and continue employment in the Depart-
9 ment of the Interior for the period of obligated
10 service determined under paragraph “(2).

11 “(2) For the purposes of this section, the period
12 of obligated service for a recipient of a scholarship
13 under this section shall be the period determined by
14 the Secretary of the Interior as being appropriate to
15 obtain adequate service in exchange for the financial
16 assistance provided under the scholarship. In no
17 event may the period of service required of a recipi-
18 ent be less than the total period of pursuit of a de-
19 gree that is covered by the scholarship. The period
20 of obligated service is in addition to any other period
21 for which the recipient is obligated to serve in the
22 civil service of the United States.

23 “(3) An agreement entered into under this sub-
24 section by a person pursuing an academic degree
25 shall include any terms and conditions that the Sec-



1 retary of the Interior determines necessary to pro-
2 tect the interests of the United States or otherwise
3 appropriate for carrying out this section.

4 “(f) REFUND FOR PERIOD OF UNSERVED OBLI-
5 GATED SERVICE.—

6 “(1) A person who voluntarily terminates serv-
7 ice before the end of the period of obligated service
8 required under an agreement entered into under
9 subsection (e) shall refund to the United States an
10 amount determined by the Secretary of the Interior
11 as being appropriate to obtain adequate service in
12 exchange for financial assistance.

13 “(2) An obligation to reimburse the United
14 States imposed under paragraph (1) is for all pur-
15 poses a debt owed to the United States.

16 “(3) The Secretary of the Interior may waive,
17 in whole or in part, a refund required under para-
18 graph (1) if the Secretary determines that recovery
19 would be against equity and good conscience or
20 would be contrary to the best interests of the United
21 States.

22 “(4) A discharge in bankruptcy under title 11,
23 United States Code, that is entered less than five
24 years after the termination of an agreement under
25 this section does not discharge the person signing



1 such agreement from a debt arising under such
2 agreement or under this subsection.

3 “(g) RELATIONSHIP TO OTHER PROGRAMS.—The
4 Secretary of the Interior shall coordinate the provision of
5 financial assistance under the authority of this section
6 with the provision of financial assistance under the au-
7 thorities provided in this Act in order to maximize the ben-
8 efits derived by the Department of Interior from the exer-
9 cise of all such authorities.

10 “(h) REPORT.—Not later than September 1 of each
11 year, the Secretary of the Interior shall submit to the
12 Committee on Resources of the House of Representatives
13 and the Committee on Energy and Natural Resources of
14 the Senate a report on the status of the assistance pro-
15 gram carried out under this section. The report shall de-
16 scribe the programs within the Department designed to
17 recruit and retain a workforce on a short-term basis and
18 on a long-term basis.

19 “(i) DEFINITIONS.—As used in this section:

20 “(1) The term ‘Minority Serving Higher Edu-
21 cation Institutions’ means a Hispanic-serving insti-
22 tution, historically Black college or university, or
23 tribal college.

24 “(2) The term ‘Hispanic- serving institution’
25 has the meaning given the term in section 502(a) of



1 the Higher Education Act of 1965 (20 U.S.C.
2 1101a(a)).

3 “(3) The term ‘historically Black college or uni-
4 versity’ has the meaning given the term ‘part B in-
5 stitution’ in section 322 of the Higher Education
6 Act of 1965 (20 U.S.C. 1061).

7 “(4) The term ‘tribal college’ has the meaning
8 given the term ‘tribally controlled college or univer-
9 sity’ in section 2(a) of the Tribally Controlled Col-
10 lege Assistance Act of 1978 (25 U.S.C. 1801(a)).

11 “(5) The term ‘institution of higher education’
12 has the meaning given such term in section 101 of
13 the Higher Education Act of 1965 (20 U.S.C.
14 1001).

15 “(j) FUNDING.—The Secretary shall spend 3 percent
16 of the annual outlay under this Act to implement this sec-
17 tion not to exceed \$10,000,000.”.

18 **SEC. 24. ONSHORE AND OFFSHORE MINERAL LEASE FEES.**

19 Except as otherwise provided in this Act, the Depart-
20 ment of the Interior is prohibited from charging fees appli-
21 cable to actions on Federal onshore and offshore oil and
22 gas, coal, geothermal, and other mineral leases, including
23 transportation of any production from such leases, if such
24 fees were not established in final regulations prior to the
25 date of issuance of the lease.



1 **SEC. 25. OCS REGIONAL HEADQUARTERS.**

2 The headquarters for the Gulf of Mexico Region shall
3 permanently be located within the State of Louisiana with-
4 in 25 miles of the center of Jackson Square, New Orleans,
5 Louisiana. Further, not later than July 1, 2008, the Sec-
6 retary of the Interior shall establish the headquarters for
7 the Atlantic OCS Region and the headquarters for the Pa-
8 cific OCS Region within a State bordering the Atlantic
9 OCS Region and a State bordering the Pacific OCS Re-
10 gion, respectively, from among the States bordering those
11 Regions, that petitions by no later than January 1, 2008,
12 for leasing, for oil and gas or natural gas, covering at least
13 40 percent of the area of its Adjacent Zone within 100
14 miles of the coastline. Such Atlantic and Pacific OCS Re-
15 gions headquarters shall be located within 25 miles of the
16 coastline and each MMS OCS regional headquarters shall
17 be the permanent duty station for all Minerals Manage-
18 ment Service personnel that on a daily basis spend on av-
19 erage 60 percent or more of their time in performance of
20 duties in support of the activities of the respective Region,
21 except that the Minerals Management Service may house
22 regional inspection staff in other locations. Each OCS Re-
23 gion shall each be led by a Regional Director who shall
24 be an employee within the Senior Executive Service.



1 **SEC. 26. NATIONAL GEO FUND ACT OF 2006.**

2 (a) **SHORT TITLE.**—This section may be cited as the
3 “National Geo Fund Act of 2006”.

4 (b) **PURPOSES.**—The purpose of this section is to—

5 (1) establish a fund to provide funding for the
6 management of geologic programs, geologic map-
7 ping, geophysical and other seismic studies, seismic
8 monitoring programs, and the preservation and use
9 of geologic and geophysical data, geothermal and
10 geopressure energy demonstration and development,
11 unconventional energy resources demonstration and
12 development, and renewable energy demonstration
13 and development from ocean wave, current, and
14 thermal resources;

15 (2) make available receipts derived from sales,
16 bonus bids, royalties, and fees from onshore and off-
17 shore gas, minerals, oil, and any additional form of
18 energy exploration and development under the laws
19 of the United States for the purposes of the such
20 fund;

21 (3) distribute funds from such fund each fiscal
22 year to the Secretary of the Interior and the States;
23 and

24 (4) use the distributed funds to manage activi-
25 ties conducted under this section, and to secure the
26 necessary trained workforce, contractual services,



1 and other support, including maintenance and cap-
2 ital investments, to perform the functions and activi-
3 ties described in paragraph (1).

4 (c) DEFINITIONS.—In this section:

5 (1) GEO FUND.—The term “Geo Fund” means
6 the National Geo Fund established by subsection
7 (d).

8 (2) STATE.—The term “State” means the
9 agency of a State designated by its Governor or
10 State law to perform the functions and activities de-
11 scribed in subsection (b)(1).

12 (d) ESTABLISHMENT AND USE OF THE GEO
13 FUND.—

14 (1) GEO FUND.—There is established in the
15 Treasury a separate account to be known as the
16 “National Geo Fund”.

17 (2) FUNDING.—The Secretary of the Treasury
18 shall deposit in the Geo Fund—

19 (A) such sums as are provided by sections
20 9(b)(5)(A)(iv), 9(b)(5)(B)(iv), 9(c)(4)(A)(iv),
21 and 9(c)(4)(B)(iv) of the Outer Continental
22 Shelf Lands Act, as amended by this Act;

23 (B)(i) during the period of October 1,
24 2006, through September 30, 2015, one percent
25 of all sums paid into the Treasury under sec-



1 tion 35 of the Mineral Leasing Act (30 U.S.C.
2 191), and

3 (ii) beginning October 1, 2015, and there-
4 after, 2.5 percent of all sums paid into the
5 Treasury under section 35 of the Mineral Leas-
6 ing Act (30 U.S.C. 191); and

7 (C)(i) during the period of October 1,
8 2006, through September 30, 2015, one percent
9 of all sums paid into the Treasury from receipts
10 derived from bonus bids and royalties from
11 other mineral leasing on public lands, and

12 (ii) beginning October 1, 2015, and there-
13 after, 2.5 percent of all sums paid into the
14 Treasury from receipts derived from bonus bids
15 and royalties from other mineral leasing on
16 public lands; and,

17 (D) \$375,000,000 from OCS Receipts dur-
18 ing fiscal year 2006, of which \$315,000,000
19 shall be made available during fiscal year 2007
20 under subsection (g) and shall remain available
21 until expended.

22 (3) INVESTMENTS.—The Secretary of the
23 Treasury shall invest the amounts deposited under
24 paragraph (2) and all accrued interest on the
25 amounts deposited under paragraph (2) only in in-



1 terest bearing obligations of the United States or in
2 obligations guaranteed as to both principal and in-
3 terest by the United States.

4 (4) AVAILABILITY TO SECRETARY OF THE IN-
5 TERIOR.—

6 (A) IN GENERAL.—Beginning with fiscal
7 year 2007, and in each fiscal year thereafter,
8 one-third of amounts deposited into the Geo
9 Fund, unless otherwise specified herein, to-
10 gether with the interest thereon, shall be avail-
11 able, without fiscal year limitations, to the Sec-
12 retary of the Interior for use for the purposes
13 described in subsection (b)(4).

14 (B) WITHDRAWALS AND TRANSFER OF
15 FUNDS.—The Secretary of the Treasury shall
16 withdraw such amounts from the Geo Fund as
17 the Secretary of the Interior may request, sub-
18 ject to the limitation in subparagraph (A), and
19 transfer such amounts to the Secretary of the
20 Interior to be used, at the discretion of the Sec-
21 retary of the Interior, by the Minerals Manage-
22 ment Service, the Bureau of Land Manage-
23 ment, and the United States Geological Survey
24 for the purposes described in subsection (b)(4).



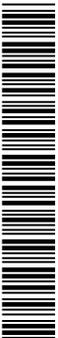
1 No funds distributed from the Geo Fund may
2 be used to purchase an interest in land.

3 (5) PAYMENT TO STATES.—

4 (A) IN GENERAL.—Beginning with fiscal
5 year 2007, and in each fiscal year thereafter,
6 two-thirds of amounts deposited into the Geo
7 Fund, unless otherwise specified herein, to-
8 gether with the interest thereon, shall be avail-
9 able, without fiscal year limitations, to the
10 States for use for the purposes described in
11 subsection (b)(4).

12 (B) WITHDRAWALS AND TRANSFER OF
13 FUNDS.—Within the first 90 days of each fiscal
14 year, the Secretary of the Treasury shall with-
15 draw amounts from the Geo Fund and transfer
16 such amounts to the States based on a formula
17 devised by the Secretary of the Interior based
18 on the relative needs of the States and the
19 needs of the Nation.

20 (C) USE OF PAYMENTS BY STATES.—Each
21 State shall use the payments made under sub-
22 paragraph (B) only for carrying out projects
23 and programs for the purposes described in
24 subsection (b)(4). No funds distributed from



1 the Geo Fund may be used to purchase an in-
2 terest in land.

3 (D) ENCOURAGEMENT OF USE OF PRIVATE
4 FUNDS BY STATES.—Each State shall use the
5 payments made under subparagraph (B) to le-
6 verage private funds for carrying out projects
7 for the purposes described in subsection (b)(4).

8 (E) REPORT TO CONGRESS.—Beginning in
9 fiscal year 2008 and continuing for each fiscal
10 year thereafter, the Secretary of the Interior
11 and each State receiving funds from the Geo
12 Fund shall submit a report to the Committee
13 on Energy and Natural Resources of the Senate
14 and the Committee on Resources of the House
15 of Representatives. Reports submitted to the
16 Congress by the Secretary of the Interior and
17 the States shall include detailed information re-
18 garding expenditures during the previous fiscal
19 year.

20 (e) STRATEGIC UNCONVENTIONAL RESOURCES.—

21 (1) PROGRAM.—The Secretary of Interior shall
22 establish a program for development and commercial
23 demonstration of technologies for production of fuels
24 from strategic unconventional resources, and produc-
25 tion of oil and gas resources using CO₂ enhanced re-



1 covery. The program shall focus initially on tech-
2 nologies and domestic resources most likely to result
3 in significant commercial production in the near fu-
4 ture, and shall include work necessary to improve
5 extraction techniques, including surface and in situ
6 operations. The program shall include characteriza-
7 tion and assessment of potential resources, a sam-
8 pling program, appropriate laboratory and other
9 analyses and testing, and assessment of technologies
10 and methodologies for exploration and development
11 of these strategic unconventional resources.

12 (2) PILOT PROJECTS.—The program created in
13 paragraph (1) shall include, but not be limited to,
14 pilot projects on (A) the Maverick Basin heavy oil
15 and tar sands formations of Texas, including the
16 San Miguel deposits, (B) the Greater Green River
17 Basin heavy oil, oil shale, tar sands, and coal depos-
18 its of Colorado, Utah, and Wyoming, (C) the shale,
19 tar sands, heavy oil, and coal deposits in the Ala-
20 bama-Mississippi-Tennessee region, (D) the shale,
21 tar sands, heavy oil, and coal deposits in the Ohio
22 River valley, and (E) strategic unconventional re-
23 sources in California. The Secretary shall identify
24 and report to Congress on feasible incentives to fos-
25 ter recovery of unconventional fuels by private indus-



1 try within the United States. Such incentives may
2 include, but are not limited to, long-term contracts
3 for the purchase of unconventional fuels for defense
4 purposes, Federal grants and loan guarantees for
5 necessary capital expenditures, and favorable terms
6 for the leasing of Government lands containing un-
7 conventional resources.

8 (3) DEFINITIONS.—In this subsection:

9 (A) STRATEGIC UNCONVENTIONAL RE-
10 SOURCES.—The term “strategic unconventional
11 resources” means hydrocarbon resources, in-
12 cluding heavy oil, oil shale, tar sands, and coal
13 deposits, from which liquid fuels may be pro-
14 duced.

15 (B) IN SITU EXTRACTION METHODS.—The
16 term “in situ extraction methods” means recov-
17 ery techniques that are applied to the resources
18 while they are still in the ground, and are in
19 commercial use or advanced stages of develop-
20 ment. Such techniques include, but are not lim-
21 ited to, steam flooding, steam-assisted gravity
22 drainage (including combination with electric
23 power generation where appropriate), cyclic
24 steam stimulation, air injection, and chemical
25 treatment.



1 (4) FUNDING.—The Secretary shall carry out
2 the program for strategic unconventional fuels with
3 funds from the Geo Fund in each of fiscal years
4 2007 through 2011 in the amount of not less than
5 \$35,000,000 each year. Each pilot project shall be
6 allocated not less than \$4,000,000 per year in each
7 of fiscal years 2007 through 2011.

8 (f) GEOTHERMAL AND GEOPRESSURE OIL AND GAS
9 ENERGY DEMONSTRATION PROGRAM.—

10 (1) FINDINGS.—The Congress finds the fol-
11 lowing:

12 (A) Vast quantities of geothermal hot
13 water ranging from 150 degrees Fahrenheit to
14 300 degrees Fahrenheit are created during oil
15 and gas production.

16 (B) The United States has more than
17 10,000 megawatts of potential oil and gas geo-
18 thermal electrical power.

19 (C) There are currently more than
20 500,000 oil and gas wells in the United States,
21 many of which are unprofitable.

22 (D) The use of geothermal hot water or
23 geopressure (or both) to produce a renewable
24 source of electrical power at oil and gas well



1 sites could extend the life of many of these
2 known assets.

3 (E) There are significant environmental,
4 energy efficiency, climate change, and other
5 benefits associated with the development of geo-
6 thermal oil and gas electrical power.

7 (F) Focusing on extending the life of exist-
8 ing oil and gas wells enhances energy security
9 while minimizing cost and risk and maximizing
10 potential benefits.

11 (G) New power generation technology sys-
12 tems have been developed that could transform
13 geothermal hot water at oil and gas well sites
14 into electrical power, but these systems need to
15 be tested in real world operating conditions to
16 validate the technology and its potential bene-
17 fits.

18 (2) IN GENERAL.—The Secretary shall fund a
19 total of not less than three demonstration projects to
20 assess the use of innovative geothermal technology
21 such as organic rankine cycle systems at marginal,
22 unproductive, and productive oil and gas wells, and
23 not less than one demonstration project to assess the
24 use of innovative geopressure technology. the sec-



1 retary shall, to the extent practicable and in the
2 public interest, make awards that—

3 (A) include not less than five oil or gas
4 well sites per project award;

5 (B) use a range of oil or gas well hot water
6 source temperatures from 150 degrees Fahr-
7 enheit to 300 degrees Fahrenheit;

8 (C) use existing or new oil or gas wells;

9 (D) cover a range of sizes from 175 kilo-
10 watts to one megawatt;

11 (E) are located at a range of sites includ-
12 ing tribal lands, Federal lease, State, or pri-
13 vately owned sites;

14 (F) can be replicated at a wide range of
15 sites;

16 (G) facilitate identification of an optimum
17 technology among competing alternatives;

18 (H) include business commercialization
19 plans that have the potential for production of
20 equipment at high volumes and operation and
21 support at a large number of sites; and

22 (I) satisfy other criteria that the Secretary
23 determines are necessary to carry out the pro-
24 gram.



1 The Secretary shall give preference to projects that
2 address multiple elements contained in subpara-
3 graphs (A) through (I).

4 (3) SYSTEM DEMONSTRATION PROJECT
5 AWARDS.—

6 (A) IN GENERAL.—Each demonstration
7 project award for innovative geothermal or
8 geopressure technology such as organic rankine
9 cycle systems at oil and gas wells made by the
10 Secretary under this section shall include—

11 (i) necessary and appropriate site en-
12 gineering study;

13 (ii) detailed economic assessment of
14 site specific conditions;

15 (iii) appropriate feasibility studies to
16 determine ability for replication;

17 (iv) design or adaptation of existing
18 technology for site specific circumstances
19 or conditions;

20 (v) installation of equipment, service,
21 and support; and

22 (vi) monitoring for a minimum of one
23 year after commissioning date.

24 (4) COMPETITIVE GRANT SELECTION.—Not less
25 than 180 days after the date of the enactment of



1 this Act, the Secretary shall conduct a national solie-
2 itation for applications for grants under the pro-
3 gram. Grant recipients shall be selected on a com-
4 petitive basis based on criteria in subsection (b).

5 (5) FEDERAL SHARE.—The Federal share of
6 costs of the program shall be provided from funds
7 made available to carry out this section. The Federal
8 share of the cost of a project carried out under the
9 program shall not exceed 50 percent of such cost.

10 (6) FUNDING.—The Secretary shall carry out
11 the program for geothermal and geopressure oil and
12 gas demonstration with funds from the Geo Fund in
13 each of fiscal years 2007 through 2011 in the
14 amount of not less than \$5,000,000 each fiscal year.
15 No funds authorized under this section may be used
16 for the purposes of drilling new wells.

17 (7) AMENDMENT.—Section 4 of the Geothermal
18 Steam Act of 1970 (30 USC 1003) is amended by
19 adding at the end the following:

20 “(h) GEOTHERMAL RESOURCES CO-PRODUCED
21 WITH THE MINERALS.—Any person who holds a lease or
22 who operates a cooperative or unit plan under the Mineral
23 Leasing Act, in the absence of an existing lease for geo-
24 thermal resources under this Act, shall upon notice to the
25 Secretary have the right to utilize any geothermal re-



1 sources co-produced with the minerals for which the lease
2 was issued during the operation of that lease or coopera-
3 tive or unit plan, for the generating of electricity to oper-
4 ate the lease. Any electricity that is produced in excess
5 of that which is required to operate the lease and that
6 is sold for purposes outside of the boundary of the lease
7 shall be subject to the requirements of section 5.”

8 (g) LIQUID FUELS GRANT PROGRAM.—

9 (1) PROGRAM.—The Secretary of Interior shall
10 establish a grant program for front-end engineering
11 and design of coal-to-liquids petroleum coal-to-liq-
12 uids, oil shale, tar sands, heavy oil, and is Alaska
13 natural gas-to-liquids facilities and to demonstrate
14 production of low-rank coal water fuel (in this sub-
15 section referred to as “LRCWF”).

16 (2) LRCWF DEMONSTRATION PROJECT.—The
17 LRCWF demonstration project shall be located to
18 use lignite coal from fields near the Tombigbee River
19 within 60 miles of a land-grant college and shall be
20 allocated \$15,000,000 for expenditure during fiscal
21 year 2007.

22 (3) DEFINITIONS.—In this subsection:

23 (A) COAL-TO-LIQUIDS FRONT-END ENGI-
24 NEERING AND DESIGN.—The terms “coal-to-liq-
25 uids front-end engineering and design” and



1 “FEED” mean those expenditures necessary to
2 engineer, design, and obtain permits for a facil-
3 ity for a particular geographic location which
4 will utilize a process or technology, including
5 but not limited to both the class of chemical re-
6 actions known as Fischer-Tropsch and the proc-
7 ess known as hydrothermal treatment, to
8 produce liquid fuels from coal resources.

9 (B) LOW-RANK COAL WATER FUEL.—The
10 term “low-rank coal water fuel” means a liquid
11 fuel produced from hydrothermal treatment of
12 lignite and sub-bituminous coals.

13 (4) GRANT PROVISIONS.—All grants shall re-
14 quire a 50 percent non-Federal cost share. The first
15 4 FEED grant projects that receive full project con-
16 struction financing commitments, based on earliest
17 calendar date, shall not be required to repay any of
18 their grants. The next 4 FEED grant projects that
19 receive such commitments shall be required to repay
20 25 percent of the grant. The next 4 FEED grant
21 projects that receive such commitments shall be re-
22 quired to repay 50 percent of the grant, and the re-
23 maining FEED grant projects shall be required to
24 repay 75 percent of the grant. The LRCWF dem-
25 onstration grantee shall not be required to repay the



1 grant. Any required repayment shall be paid as part
2 of the closing process for project construction fi-
3 nancing. No repayment shall require the payment of
4 interest if repaid within 5 years of the issuance of
5 the grant. FEED grants shall be limited to a
6 maximum of \$1,000,000 per 1,000 barrels per day
7 of liquid fuels production capacity, not to exceed \$25
8 million per year.

9 (5) FUNDING.—The Secretary shall carry out
10 the program established by this subsection with
11 funds from the Geo Fund in the total amount of
12 \$315,000,000 which shall be allocated to this pro-
13 gram in fiscal year 2007, and remain available until
14 expended.

15 (h) RENEWABLE ENERGY FROM OCEAN WAVE, CUR-
16 RENT, AND THERMAL RESOURCES.—

17 (1) PROGRAM.—The Secretary of Interior shall
18 establish a grant program for the development and
19 demonstration of renewable energy from ocean
20 waves, currents, and thermal resources.

21 (2) GRANT PROVISIONS.—All grants shall re-
22 quire a 50 percent non-Federal cost share.

23 (3) FUNDING.—The Secretary shall carry out
24 the program for geothermal and geopressure oil and
25 gas demonstration with funds from the Geo Fund in



1 each of fiscal years 2007 through 2011 in the
2 amount of not less than \$6,000,000 each year, and
3 thereafter in such amounts as the Secretary may
4 find appropriate.

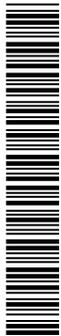
5 (i) AMENDMENT TO THE SURFACE MINING CONTROL
6 AND RECLAMATION ACT OF 1977.—Section 517 of the
7 Surface Mining Control and Reclamation Act of 1977 (30
8 U.S.C. 1267) is amended by adding adding at the end the
9 following:

10 “(i) Any person who provides the regulatory authority
11 with a map under subsection (b)(1) shall not be liable to
12 any other person in any way for the accuracy or complete-
13 ness of any such map which was not prepared and certified
14 by or on behalf of such person.”.

15 **SEC. 27. LEASES FOR AREAS LOCATED WITHIN 100 MILES**
16 **OF CALIFORNIA OR FLORIDA.**

17 (a) AUTHORIZATION TO CANCEL AND EXCHANGE
18 CERTAIN EXISTING OIL AND GAS LEASES; PROHIBITION
19 ON SUBMITTAL OF EXPLORATION PLANS FOR CERTAIN
20 LEASES PRIOR TO JUNE 30, 2010.—

21 (1) AUTHORITY.—Within 2 years after the date
22 of enactment of this Act, the lessee of an existing oil
23 and gas lease for an area located completely within
24 100 miles of the coastline within the California or
25 Florida Adjacent Zones shall have the option, with-



1 out compensation, of exchanging such lease for a
2 new oil and gas lease having a primary term of 5
3 years. For the area subject to the new lease, the les-
4 see may select any unleased tract on the outer Con-
5 tinental Shelf that is in an area available for leasing.
6 Further, with the permission of the relevant Gov-
7 ernor, such a lessee may convert its existing oil and
8 gas lease into a natural gas lease having a primary
9 term of 5 years and covering the same area as the
10 existing lease or another area within the same
11 State's Adjacent Zone within 100 miles of the coast-
12 line.

13 (2) ADMINISTRATIVE PROCESS.—The Secretary
14 of the Interior shall establish a reasonable adminis-
15 trative process to implement paragraph (1). Ex-
16 changes and conversions under subsection (a), in-
17 cluding the issuance of new leases, shall not be con-
18 sidered to be major Federal actions for purposes of
19 the National Environmental Policy Act of 1969 (42
20 U.S.C. 4321 et seq.). Further, such actions con-
21 ducted in accordance with this section are deemed to
22 be in compliance all provisions of the Outer Conti-
23 nental Shelf Lands Act (43 U.S.C. 1331 et seq.).

24 (3) OPERATING RESTRICTIONS.—A new lease
25 issued in exchange for an existing lease under this



1 section shall be subject to such national defense op-
2 erating stipulations on the OCS tract covered by the
3 new lease as may be applicable upon issuance.

4 (4) PRIORITY.—The Secretary shall give pri-
5 ority in the lease exchange process based on the
6 amount of the original bonus bid paid for the
7 issuance of each lease to be exchanged. The Sec-
8 retary shall allow leases covering partial tracts to be
9 exchanged for leases covering full tracts conditioned
10 upon payment of additional bonus bids on a per-acre
11 basis as determined by the average per acre of the
12 original bonus bid per acre for the partial tract
13 being exchanged.

14 (5) EXPLORATION PLANS.—Any exploration
15 plan submitted to the Secretary of the Interior after
16 the date of the enactment of this Act and before
17 July 1, 2010, for an oil and gas lease for an area
18 wholly within 100 miles of the coastline within the
19 California Adjacent Zone or Florida Adjacent Zone
20 shall not be treated as received by the Secretary
21 until the earlier of July 1, 2010, or the date on
22 which a petition by the Adjacent State for oil and
23 gas leasing covering the area within which is located
24 the area subject to the oil and gas lease was ap-
25 proved.



1 (b) FURTHER LEASE CANCELLATION AND EX-
2 CHANGE PROVISIONS.—

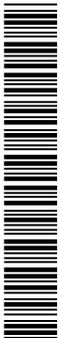
3 (1) CANCELLATION OF LEASE.—As part of the
4 lease exchange process under this section, the Sec-
5 retary shall cancel a lease that is exchanged under
6 this section.

7 (2) CONSENT OF LESSEES.—All lessees holding
8 an interest in a lease must consent to cancellation
9 of their leasehold interests in order for the lease to
10 be cancelled and exchanged under this section.

11 (3) WAIVER OF RIGHTS.—As a prerequisite to
12 the exchange of a lease under this section, the lessee
13 must waive any rights to bring any litigation against
14 the United States related to the transaction.

15 (4) PLUGGING AND ABANDONMENT.—The plug-
16 ging and abandonment requirements for any wells
17 located on any lease to be cancelled and exchanged
18 under this section must be complied with by the les-
19 sees prior to the cancellation and exchange.

20 (c) AREA PARTIALLY WITHIN 100 MILES OF FLOR-
21 IDA.—An existing oil and gas lease for an area located
22 partially within 100 miles of the coastline within the Flor-
23 ida n Adjacent Zone may only be developed and produced
24 using wells drilled from well-head locations at least 100
25 miles from the coastline to any bottom-hole location on



1 the area of the lease. This subsection shall not apply if
2 Florida has petitioned for leasing closer to the coastline
3 than 100 miles.

4 (d) EXISTING OIL AND GAS LEASE DEFINED.—In
5 this section the term “existing oil and gas lease” means
6 an oil and gas lease in effect on the date of the enactment
7 of this Act.

8 **SEC. 28. COASTAL IMPACT ASSISTANCE.**

9 Section 31 of the Outer Continental Shelf Lands Act
10 (43 U.S.C. 1356a) is repealed.

11 **SEC. 29. OIL SHALE AND TAR SANDS AMENDMENTS.**

12 (a) REPEAL OF REQUIREMENT TO ESTABLISH PAY-
13 MENTS.—Section 369(o) of the Energy Policy Act of 2005
14 (Public Law 109–58; 119 Stat. 728; 42 U.S.C. 15927)
15 is repealed.

16 (b) TREATMENT OF REVENUES.—Section 21 of the
17 Mineral Leasing Act (30 U.S.C. 241) is amended by add-
18 ing at the end the following:

19 “(e) REVENUES.—

20 “(1) IN GENERAL.—Notwithstanding the provi-
21 sions of section 35, all revenues received from and
22 under an oil shale or tar sands lease shall be dis-
23 posed of as provided in this subsection.

24 “(2) ROYALTY RATES FOR COMMERCIAL
25 LEASES.—



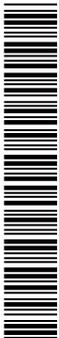
1 “(A) ROYALTY RATES.—The Secretary
2 shall model the royalty schedule for oil shale
3 and tar sands leases based on the royalty pro-
4 gram currently in effect for the production of
5 synthetic crude oil from oil sands in the Prov-
6 ince of Alberta, Canada.

7 “(B) REDUCTION.—The Secretary shall re-
8 duce any royalty otherwise required to be paid
9 under subparagraph (A) under any oil shale or
10 tar sands lease on a sliding scale based upon
11 market price, with a 10 percent reduction if the
12 average futures price of NYMEX Light Sweet
13 Crude, or a similar index, drops, for the pre-
14 vious quarter year, below \$50 (in January 1,
15 2006, dollars), and an 80 percent reduction if
16 the average price drops below \$30 (in January
17 1, 2006, dollars) for the quarter previous to the
18 one in which the production is sold.

19 “(3) DISPOSITION OF REVENUES.—

20 “(A) DEPOSIT.—The Secretary shall de-
21 posit into a separate account in the Treasury
22 all revenues derived from any oil shale or tar
23 sands lease.

24 “(B) ALLOCATIONS TO STATES AND LOCAL
25 POLITICAL SUBDIVISIONS.—The Secretary shall



1 allocate 50 percent of the revenues deposited
2 into the account established under subpara-
3 graph (A) to the State within the boundaries of
4 which the leased lands are located, with a por-
5 tion of that to be paid directly by the Secretary
6 to the State's local political subdivisions as pro-
7 vided in this paragraph.

8 “(C) TRANSMISSION OF ALLOCATIONS.—

9 “(i) IN GENERAL.—Not later than the
10 last business day of the month after the
11 month in which the revenues were received,
12 the Secretary shall transmit—

13 “(I) to each State two-thirds of
14 such State's allocations under sub-
15 paragraph (B), and in accordance
16 with clauses (ii) and (iii) to certain
17 county-equivalent and municipal polit-
18 ical subdivisions of such State a total
19 of one-third of such State's allocations
20 under subparagraph (B), together
21 with all accrued interest thereon; and

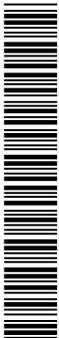
22 “(II) the remaining balance of
23 such revenues deposited into the ac-
24 count that are not allocated under
25 subparagraph (B), together with in-



1 terest thereon, shall be transmitted to
2 the miscellaneous receipts account of
3 the Treasury, except that until a lease
4 has been in production for 20 years
5 50 percent of such remaining balance
6 derived from a lease shall be paid in
7 accordance with subclause (I).

8 “(ii) ALLOCATIONS TO CERTAIN
9 COUNTY-EQUIVALENT POLITICAL SUBDIVI-
10 SIONS.—The Secretary shall under clause
11 (i)(I) make equitable allocations of the rev-
12 enues to county-equivalent political sub-
13 divisions that the Secretary determines are
14 closely associated with the leasing and pro-
15 duction of oil shale and tar sands, under a
16 formula that the Secretary shall determine
17 by regulation.

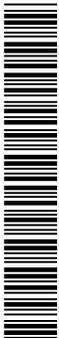
18 “(iii) ALLOCATIONS TO MUNICIPAL
19 POLITICAL SUBDIVISIONS.—The initial al-
20 location to each county-equivalent political
21 subdivision under clause (ii) shall be fur-
22 ther allocated to the county-equivalent po-
23 litical subdivision and any municipal polit-
24 ical subdivisions located partially or wholly
25 within the boundaries of the county-equiva-



1 lent political subdivision on an equitable
2 basis under a formula that the Secretary
3 shall determine by regulation.

4 “(D) INVESTMENT OF DEPOSITS.—The de-
5 posits in the Treasury account established
6 under this section shall be invested by the Sec-
7 retary of the Treasury in securities backed by
8 the full faith and credit of the United States
9 having maturities suitable to the needs of the
10 account and yielding the highest reasonably
11 available interest rates as determined by the
12 Secretary of the Treasury.

13 “(E) USE OF FUNDS.—A recipient of
14 funds under this subsection may use the funds
15 for any lawful purpose as determined by State
16 law. Funds allocated under this subsection to
17 States and local political subdivisions may be
18 used as matching funds for other Federal pro-
19 grams without limitation. Funds allocated to
20 local political subdivisions under this subsection
21 may not be used in calculation of payments to
22 such local political subdivisions under programs
23 for payments in lieu of taxes or other similar
24 programs.



1 “(F) NO ACCOUNTING REQUIRED.—No re-
2 cipient of funds under this subsection shall be
3 required to account to the Federal Government
4 for the expenditure of such funds, except as
5 otherwise may be required by law.

6 “(4) DEFINITIONS.—In this subsection:

7 “(A) COUNTY-EQUIVALENT POLITICAL
8 SUBDIVISION.—The term ‘county-equivalent po-
9 litical subdivision’ means a political jurisdiction
10 immediately below the level of State govern-
11 ment, including a county, parish, borough in
12 Alaska, independent municipality not part of a
13 county, parish, or borough in Alaska, or other
14 equivalent subdivision of a State.

15 “(B) MUNICIPAL POLITICAL SUBDIVI-
16 SION.—The term ‘municipal political subdivi-
17 sion’ means a municipality located within and
18 part of a county, parish, borough in Alaska, or
19 other equivalent subdivision of a State.”.

